

SENQU LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2017

SENQU LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Senqu Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Senqu Local Municipality includes the following areas:

Lady Grey	Rhodes
Barkly East	Herschel
Sterkspruit	Rossouw

MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	N.P Mposelwa	Proportional	Member of Executive Committee
Speaker	I Mosisidi	Ward 17	
Ward Councillor	P Jeje	Ward 1	
Ward Councillor	J Mposelwa	Ward 2	
Ward Councillor	S.M Ntlwatini	Ward 3	
Ward Councillor	M.V Bonelwa	Ward 4	
Ward Councillor	SS Ndzongana	Ward 5	Member of Executive Committee
Ward Councillor	N.C Mraji	Ward 6	
Ward Councillor	M Gojo	Ward 7	
Ward Councillor	K.S Mpiti-Xhelesha	Ward 8	
Ward Councillor	J.D Somsila	Ward 9	
Ward Councillor	S Mfisa	Ward 10	
Ward Councillor	M.H Rorwana	Ward 11	
Ward Councillor	N Nyongwana	Ward 12	
Ward Councillor	Z Khoba	Ward 13	
Ward Councillor	TM. Dumzela	Ward 14	Member of Executive Committee
Ward Councillor	M Phuza	Ward 15	
Ward Councillor	M.A Mshasha	Ward 16	
PR Councillor	VV Stokhwe	Proportional	Chief Whip/Member of Executive
PR Councillor	G.N Mbonyana	Proportional	Member of Executive Committee
PR Councillor	M.N Mgojo	Proportional	Member of Executive Committee
PR Councillor	N. January	Proportional	
PR Councillor	N.R Lose	Proportional	
PR Councillor	X.G Magcai	Proportional	
PR Councillor	NY Monakali	Proportional	
PR Councillor	N Ndawule	Proportional	
PR Councillor	PM Mnisi	Proportional	
PR Councillor	A.P Kwinana	Proportional	
PR Councillor	B.S Maqala	Proportional	
PR Councillor	K.P Maqungu	Proportional	
PR Councillor	M.C Kibe	Proportional	
PR Councillor	MTN Sehlolo	Proportional	
PR Councillor	N.M Phama	Proportional	
PR Councillor	N Mpoloki	Proportional	

SENQU LOCAL MUNICIPALITY

GENERAL INFORMATION

MUNICIPAL MANAGER

M M Yawa

ACTING CHIEF FINANCIAL OFFICER

K Fourie

REGISTERED OFFICE

Murray Street, Lady Grey, 9755

POSTAL ADDRESS

P.O. Box 18, Lady Grey, 9755

AUDITORS

Auditor-General, P O Box 13252, East London

PRINCIPLE BANKERS

Standard Bank, Lady Grey

ATTORNEYS

Le Roux Attorneys, 101 Cape Road, Port Elizabeth

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Labour Relation Amendment Act (Act 6 of 2014)
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations
Municipal Regulation on Standard Chart of Accounts (mSCOA)

SENQU LOCAL MUNICIPALITY

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SENQU LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2017, which are set out on pages 1 to 113 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2018 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

M M Yawa
Municipal Manager

Date

SENQU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Notes	2017 R (Actual)	2016 R (Restated)
ASSETS			
Current Assets		277 781 612	242 383 451
Cash and Cash Equivalents	2	253 169 330	220 917 468
Receivables from exchange transactions	3	10 527 644	10 447 090
Receivables from non-exchange transactions	4	2 736 770	2 046 711
Taxes	5	10 294 646	7 216 258
Operating Lease Asset	6.1	235 062	233 064
Inventory	7	818 160	1 522 858
Non-Current Assets		355 737 521	324 427 625
Investment Property	8	28 311 500	22 201 000
Property, Plant and Equipment	9	325 747 532	300 891 791
Intangible Assets	10	392 606	219 932
Capitalised Restoration Cost (PPE)	11	1 285 883	1 114 902
Total Assets		633 519 133	566 811 076
Current Liabilities		31 520 445	26 517 729
Borrowings	12	827 098	814 516
Consumer Deposits	13	1 432 479	1 341 579
Payables from exchange transactions	14	7 537 588	3 721 418
Payables from non-exchange transactions	15	11 688 458	11 144 292
Operating Lease Liability	6.2	2 895	5 678
Current Employee benefits	16	10 031 929	9 490 246
Non-Current Liabilities		31 884 802	31 192 277
Borrowings	12	11 200 656	12 028 145
Employee benefits	17	15 411 792	14 528 031
Non-Current Provisions	18	5 272 354	4 636 101
Total Liabilities		63 405 247	57 710 006
NET ASSETS		570 113 886	509 101 070
COMMUNITY WEALTH			
Accumulated Surplus	19.2	542 673 924	488 862 402
Revaluation Reserve	19.1	27 439 962	20 238 668
		570 113 886	509 101 070

SENQU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
	Notes	(Actual)	(Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		183 033 821	191 550 137
Taxation Revenue		5 192 247	4 654 049
Property Rates	20	5 192 247	4 654 049
Transfer Revenue		174 152 000	181 191 040
Transfers and Subsidies - Capital	21	33 683 561	31 955 780
Transfers and Subsidies - Operating	21	140 468 439	149 152 333
Public Contributions and Donations - Operating		-	6 140
Public Contributions and Donations - Capital		-	76 786
Other Revenue		3 689 574	5 705 048
Actuarial Gains	17	1 706 256	-
Fines, Penalties and Forfeits	22	158 694	323 933
Insurance Receipts		145 624	57 970
Gain on Fair Value Adjustments of Investment Property	8	1 679 000	5 323 145
REVENUE FROM EXCHANGE TRANSACTIONS		58 526 840	50 936 331
Operating Activities		58 526 840	50 936 331
Service Charges	23	33 678 106	30 896 123
Rental from Fixed Assets	24	503 341	756 417
Interest Earned - external investments		18 020 973	13 913 370
Interest Earned - outstanding debtors	25	2 905 827	2 493 926
Licences and Permits		1 130 884	1 085 309
Agency Services		1 137 797	1 080 331
Sales of Goods and Rendering of Services	26	477 163	504 115
Operational Revenue	27	672 749	206 740
TOTAL REVENUE		241 560 661	242 486 468
EXPENDITURE			
Employee related costs	28	71 966 723	62 172 869
Remuneration of Councillors	29	10 735 607	11 063 818
Debt Impairment	30	5 028 954	4 240 970
Depreciation and Amortisation	31	19 457 768	18 154 447
Actuarial Losses	17	-	186 217
Finance Charges	33	2 823 727	2 529 997
Bulk Purchases	34	27 744 890	23 771 063
Contracted services	35	22 431 070	21 179 942
Transfers and Subsidies	36	210 000	-
Operating Leases	37	93 971	302 581
Operational Cost	38	26 975 849	27 412 632
Loss on Disposal of Fixed and Intangible Assets		60 408	290 300
Impairment of Investment Assets	8	5 000	146 350
Impairment of Property, Plant and Equipment	32	215 169	1 019 712
TOTAL EXPENDITURE		187 749 135	172 470 898
NET SURPLUS FOR THE YEAR		53 811 526	70 015 570

SENQU LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2017

	REVALUATION RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2015 - Previously Reported	14 738 445	415 490 225	430 228 670
Correction of Error - Refer to note 40.6	-	3 356 606	3 356 606
Balance on 30 June 2015 - Restated	14 738 445	418 846 831	433 585 276
Net Surplus for the year	-	70 015 570	70 015 570
Revaluation on Land and Buildings	5 500 223	-	5 500 223
Balance on 30 June 2016 - Restated	20 238 668	488 862 401	509 101 069
Net Surplus for the year	-	53 811 526	53 811 526
Revaluation on Land and Buildings	7 201 294	-	7 201 294
Balance on 30 June 2017	27 439 962	542 673 924	570 113 889

SENQU LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

		2017 R (Actual)	2016 R (Restated)
	Notes		
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates		3 870 789	2 776 289
Service charges		29 937 686	21 284 581
Other revenue		6 339 386	29 531 650
Government - operating		139 804 566	121 583 680
Government - capital		34 891 600	36 856 974
Interest		18 020 973	13 913 370
Payments			
Suppliers and employees		(156 699 884)	(148 033 555)
Finance charges		(1 146 204)	(1 119 335)
Transfers and Grants		(210 000)	-
NET CASH FROM OPERATING ACTIVITIES	41	74 808 912	76 793 653
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Fixed Assets		237 912	248 311
Payments			
Purchase of Property, Plant and Equipment		(41 823 909)	(38 799 636)
Purchase of Intangible Assets		(247 046)	(85 039)
NET CASH USED INVESTING ACTIVITIES		(41 833 043)	(38 636 364)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
Increase in Consumer Deposits		90 900	102 726
Payments			
Loans repaid		(814 907)	(802 388)
NET CASH USED FINANCING ACTIVITIES		(724 007)	(699 662)
NET INCREASE IN CASH HELD		32 251 862	37 457 627
Cash and Cash Equivalents at the beginning of the year		220 917 468	183 459 842
Cash and Cash Equivalents at the end of the year		253 169 330	220 917 468

SENQU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
ASSETS					
Current assets					
Cash	3 805 400	23 016 600	(19 211 200)	-83%	Balance of bank at year-end after year-end payments
Call investment deposits	249 363 930	187 012 450	62 351 480	33%	Money not yet transferred from Investment account to Primary bank account
Consumer debtors	11 164 058	10 313 829	850 229	8%	Anticipated effect of increased debtors
Other Receivables	12 630 064	6 152 560	6 477 505	105%	Increase in VAT Receivable
Inventory	818 160	1 313 087	(494 928)	-38%	More inventory utilised than anticipated
Total current assets	277 781 612	227 808 526	49 973 086		
Non current assets					
Investment property	28 311 500	22 201 000	6 110 500	28%	Fair Value Adjustment on Investment Property
Property, plant and equipment	325 747 532	335 646 779	(9 899 246)	-3%	Under-expenditure of Capital Budget
Intangible Assets	392 606	230 207	162 400	71%	More intangible assets acquired during the year
Capitalised Restoration Cost	1 285 883	1 114 902	170 981	15%	Increase in Landfill site asset as per calculations
Total non current assets	355 737 522	359 192 888	(3 455 366)		
TOTAL ASSETS	633 519 134	587 001 414	46 517 720		
LIABILITIES					
Current liabilities					
Borrowing	827 098	827 466	(368)	0%	Effect of fluctuations in interest rate
Consumer deposits	1 432 479	1 408 658	23 821	2%	More consumer deposits received than budgeted for
Trade and other payables	19 228 940	11 080 529	8 148 412	74%	Effect of Unspent Grants
Provisions and Employee Benefits	10 031 929	10 598 271	(566 342)	-5%	Decrease in Employee Benefits resulting from vacant post
Total current liabilities	31 520 445	23 914 923	7 605 523		
Non current liabilities					
Borrowing	11 200 656	11 200 679	(23)	0%	Effect of fluctuations in interest rate
Provisions and Employee Benefits	20 684 146	21 988 955	(1 304 809)	-6%	Effect of Actuarial Gain as per Arch calculations
Total non current liabilities	31 884 802	33 189 634	(1 304 832)		
TOTAL LIABILITIES	63 405 247	57 104 557	6 300 691		
NET ASSETS	570 113 888	529 896 857	40 217 030		
COMMUNITY WEALTH					
Accumulated Surplus	363 625 914	344 505 359	19 120 555	6%	Appropriation to and from Reserves
Reserves	206 487 972	185 391 498	21 096 474	11%	Increase in Revaluation Reserve due to Revaluation on Land and Buildings
TOTAL COMMUNITY WEALTH/EQUITY	570 113 886	529 896 857	40 217 029		

SENQU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
ASSETS					
Current assets					
Cash	7 356 606	15 659 993	23 016 600	68%	Increased to a more realistic amount comparing to the 2015/16 financial statements
Call investment deposits	120 770 504	66 241 947	187 012 450	35%	Increased to a more realistic amount comparing to the 2015/16 financial statements
Consumer debtors	21 904 033	(11 590 204)	10 313 829	-112%	Decreased to a more realistic amount comparing to the 2015/16 financial statements
Other Receivables	6 365 647	(213 087)	6 152 560	-3%	Decreased to a more realistic amount comparing to the 2015/16 financial statements
Inventory	1 313 087	-	1 313 087	0%	No Adjustment
Total current assets	157 709 878	70 098 648	227 808 526		
Non current assets					
Investment property	17 024 205	5 176 795	22 201 000	23%	Incorporating the increase in valuations of Investment Properties
Property, plant and equipment	384 322 232	(48 675 453)	335 646 779	-15%	Decreased to a more realistic amount comparing to half-year report
Intangible Assets	150 506	79 701	230 207	35%	Increased to a more realistic amount comparing to the 2015/16 financial statements
Capitalised Restoration Cost	-	1 114 902	1 114 902	100%	Previously budgeted for under Property, plant and equipment
Total non current assets	401 496 943	(42 304 055)	359 192 888		
TOTAL ASSETS	559 206 821	27 794 593	587 001 414		
LIABILITIES					
Current liabilities					
Borrowing	827 524	(58)	827 466	0%	Adjusted amount as per amortisation schedules
Consumer deposits	1 313 182	95 476	1 408 658	7%	Increased to a more realistic amount comparing to the 2015/16 financial statements
Trade and other payables	7 684 971	3 395 558	11 080 529	31%	Increased to a more realistic amount comparing to the 2015/16 financial statements
Provisions and Employee Benefits	9 713 702	884 569	10 598 271	8%	Increased to a more realistic amount comparing to the 2015/16 financial statements
Total current liabilities	19 539 379	4 375 544	23 914 923		
Non current liabilities					
Borrowing	12 027 298	(826 619)	11 200 679	-7%	Adjusted amount as per amortisation schedules
Provisions and Employee Benefits	20 080 657	1 908 298	21 988 955	9%	Increased to a more realistic amount comparing to the 2015/16 financial statements
Total non current liabilities	32 107 955	1 081 679	33 189 634		
TOTAL LIABILITIES	51 647 334	5 457 223	57 104 557		
NET ASSETS	507 559 487	22 337 370	529 896 857		
COMMUNITY WEALTH					
Accumulated Surplus	384 901 366	(40 396 007)	344 505 359	-12%	Decrease due to appropriation to reserves
Reserves	122 658 121	62 733 377	185 391 498	34%	Increase due to appropriation from Accumulated Surplus
TOTAL COMMUNITY WEALTH/EQUITY	507 559 487	22 337 370	529 896 857		

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
REVENUE BY SOURCE					
Property rates	5 192 247	7 267 486	(2 075 240)	-29%	Anticipated valuation roll increases
Service charges	33 678 106	34 351 368	(673 262)	-2%	Increased efficiency of electricity reticulation and metering
Rental of facilities and equipment	503 341	405 000	98 341	24%	New Operating lease contracts signed
Interest earned - external investments	18 020 973	13 000 000	5 020 973	39%	Improved budgetary control and investment of excess fund
Interest earned - outstanding debtors	2 905 827	1 490 000	1 415 827	95%	Increase in Consumer Debtors
Fines	158 694	392 000	(233 306)	-60%	Implementation of iGRAP 1
Licences and permits	1 130 884	1 445 000	(314 116)	-22%	Reclassification of line items in budget
Agency services	1 137 797	750 000	387 797	52%	Reclassification of line items in budget
Transfers and Subsidies - Operating	140 468 439	134 424 000	6 044 439	4%	Increased PMU activities due to increased number of projects
Other revenue	4 680 793	695 445	3 985 347	573%	Gains on Fair Value Adjustments of Investment Property
TOTAL OPERATING REVENUE	207 877 100	194 220 300	13 656 801		
EXPENDITURE BY TYPE					
Employee related costs	71 966 723	73 660 432	(1 693 709)	-2%	Effect of vacant posts not yet filled
Remuneration of councillors	10 735 607	12 549 764	(1 814 157)	-14%	Unknown increase of upper limits by time of budget process
Debt impairment	5 028 954	4 656 580	372 374	8%	Increase in Consumer Debtors
Depreciation & asset impairment	19 677 937	19 651 538	26 399	0%	Effect of capital budget not fully spent
Finance charges	2 823 727	2 743 011	80 716	3%	Effect of fluctuations in interest rate
Bulk purchases	27 744 890	33 198 414	(5 453 524)	-16%	Increase efficiency of electricity reticulation and metering
Contracted services	22 431 070	24 464 105	(2 033 035)	-8%	Realignment of expenditure to mSCOA revised classifications
Transfers and Subsidies	210 000	-	210 000	100%	Capital transfer not budgeted for
Other expenditure	27 069 820	38 674 932	(11 605 113)	-30%	Improved expenditure control management
Loss on disposal of PPE	60 408	-	60 408	100%	Did not predict loss on disposals of assets
TOTAL OPERATING EXPENDITURE	187 749 135	209 598 776	(21 849 641)		
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR					
	20 127 965	(15 378 477)	35 506 442		
Transfers and Subsidies - Capital	33 683 561	39 728 000	(6 044 439)	-15%	
NET SURPLUS FOR THE YEAR	53 811 526	24 349 523	29 462 002		

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
REVENUE BY SOURCE					
Property rates	7 267 486	-	7 267 486	0%	No Adjustment
Service charges	34 472 344	(120 976)	34 351 368	0%	Decreased to a more realistic amount based on the actuals for the first six months
Rental of facilities and equipment	412 000	(7 000)	405 000	-2%	Decreased to a more realistic amount based on the actuals for the first six months
Interest earned - external investments	10 000 000	3 000 000	13 000 000	23%	Increased to a more realistic amount based on the actuals for the first six months
Interest earned - outstanding debtors	1 390 000	100 000	1 490 000	7%	Increased to a more realistic amount based on the actuals for the first six months
Fines	417 000	(25 000)	392 000	-6%	Decreased to a more realistic amount based on the actuals for the first six months
Licences and permits	2 905 000	(1 460 000)	1 445 000	-101%	Reclassification of line items in budget
Agency services	1 300 000	(550 000)	750 000	-73%	Reclassification of line items in budget
Government Grants and Subsidies - Operating	134 124 000	300 000	134 424 000	0%	Adjustment on Provincial Library grant
Other revenue	1 197 000	(501 555)	695 445	-72%	Decreased to a more realistic amount based on the actuals for the first six months
TOTAL OPERATING REVENUE	193 484 830	735 469	194 220 300		
EXPENDITURE BY TYPE					
Employee related costs	74 259 823	(599 391)	73 660 432	-1%	Decreased to a more realistic amount based on the actuals for the first six months
Remuneration of councillors	12 549 764	(0)	12 549 764	0%	No Adjustment
Debt impairment	4 666 703	(10 123)	4 656 580	0%	Decreased to a more realistic amount comparing to the 2015/16 financial statements
Depreciation & asset impairment	19 065 623	585 915	19 651 538	3%	Increased to a more realistic amount comparing to the 2015/16 financial statements
Finance charges	1 149 410	1 593 601	2 743 011	58%	Realignment of expenditure to mSCOA revised classifications
Bulk purchases	33 133 381	65 033	33 198 414	0%	Increased to a more realistic amount based on the actuals for the first six months
Contracted services	22 639 130	1 824 975	24 464 105	7%	Realignment of expenditure to mSCOA revised classifications
Other expenditure	38 602 307	72 626	38 674 932	0%	Increased to a more realistic amount based on the actuals for the first six months
TOTAL OPERATING EXPENDITURE	206 066 141	3 532 635	209 598 776		
OPERATING DEFICIT FOR THE YEAR	(12 581 311)	(2 797 166)	(15 378 477)		
Government Grants and Subsidies - Capital	45 728 000	(6 000 000)	39 728 000	-15%	Reversal of the Provincial Public Works Roads Infrastructure Grant
NET SURPLUS FOR THE YEAR	33 146 689	(8 797 166)	24 349 523		

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	3 870 789	6 540 738	(2 669 949)	-41%	Anticipated valuation roll increases
Service charges	29 937 686	33 904 906	(3 967 220)	-12%	Increased efficiency of electricity reticulation and metering
Other revenue	6 339 386	4 987 945	1 351 441	27%	Gains on Fair Value Adjustments of Investment Property
Government - operating	139 804 566	134 424 000	5 380 566	4%	Increased PMU activities due to increased number of projects
Government - capital	34 891 600	39 728 000	(4 836 400)	-12%	Unspent MIG funding committed to projects already initiated
Interest	18 020 973	13 000 000	5 020 973	39%	Improved budgetary control and investment of excess fund
Payments					
Suppliers and Employees	(156 699 884)	(186 651 559)	29 951 674	-16%	Late appointments for vacant posts, Increase efficiency of electricity reticulation and metering
Finance charges	(1 146 204)	(2 743 011)	1 596 807	-58%	Realignment of expenditure to mSCOA revised classifications
Transfers and Grants	(210 000)	-	(210 000)	-100%	Capital transfer not budgeted for
NET CASH FROM OPERATING ACTIVITIES	74 808 912	43 191 019	31 827 893		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	237 912	-	237 912	100%	Sale of assets not budgeted for
Payments					
Capital assets	(42 070 955)	(53 332 000)	11 261 045	-21%	Under-expenditure of Capital Budget
NET CASH USED IN INVESTING ACTIVITIES	(41 833 043)	(53 332 000)	11 261 045		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase in consumer deposits	90 900	67 079	23 821	36%	Increase in Consumers
Payments					
Repayment of borrowing	(814 907)	(814 516)	(390)	0%	Effect of fluctuations in interest rate
NET CASH USED IN FINANCING ACTIVITIES	(724 007)	(747 437)	23 431		
NET INCREASE/(DECREASE) IN CASH HELD	32 251 863	(10 888 418)	43 112 369		
Cash and Cash Equivalents at the beginning of the year	220 917 468	220 917 468	-	0%	
Cash and Cash Equivalents at the end of the year	253 169 330	210 029 050	43 140 280	21%	Result of Increased revenue, improved control and part under-expenditure

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R	2017 R	2017 R		
	(Approved Budget)	(Adjustments)	(Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	5 873 105	667 633	6 540 738	10%	Increased to a more realistic amount based on the actuals for the first six months
Service charges	27 858 284	6 046 621	33 904 906	18%	Increased to a more realistic amount based on the actuals for the first six months
Other revenue	6 151 951	(1 164 006)	4 987 945	-23%	Decreased to a more realistic amount based on the actuals for the first six months
Government - operating	134 124 000	300 000	134 424 000	0%	Adjustment on Provincial Library grant
Government - capital	45 728 000	(6 000 000)	39 728 000	-15%	Reversal of the Provincial Public Works Roads Infrastructure Grant
Interest	11 123 307	1 876 693	13 000 000	14%	Increased to a more realistic amount based on the actuals for the first six months
Payments					
Suppliers and Employees	(176 654 955)	(9 996 604)	(186 651 559)	5%	Increased to a more realistic amount based on the actuals for the first six months
Finance charges	(1 149 410)	(1 593 601)	(2 743 011)	58%	Realignment of expenditure to mSCOA revised classifications
NET CASH FROM OPERATING ACTIVITIES	53 054 282	(9 863 263)	43 191 019		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	0%	
Payments					
Capital assets	(75 578 000)	22 246 000	(53 332 000)	-42%	Decreased to a more realistic amount based on the actuals for the first six months
NET CASH USED IN INVESTING ACTIVITIES	(75 578 000)	22 246 000	(53 332 000)		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase in consumer deposits	74 331	(7 252)	67 079	-11%	Decreased to a more realistic amount based on the actuals for the first six months
Payments					
Repayment of borrowing	(792 660)	(21 857)	(814 516)	3%	Adjusted amount as per amortisation schedules
NET CASH USED IN FINANCING ACTIVITIES	(718 329)	(29 109)	(747 437)		
NET DECREASE IN CASH HELD	(23 242 046)	12 353 628	(10 888 418)		
Cash and Cash Equivalents at the beginning of the year	151 369 156	69 548 313	220 917 468	31%	Increased to a more realistic amount based on the actuals for the first six months
Cash and Cash Equivalents at the end of the year	128 127 110	81 901 940	210 029 050	39%	Increased to a more realistic amount based on the actuals for the first six months

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R1 million.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 12 (2017)	Inventories	1 April 2018
GRAP 16 (2017)	Investment Property	1 April 2018
GRAP 17 (2017)	Property, Plant and Equipment	1 April 2018
GRAP 21 (2017)	Impairment of non-cash-generating assets	1 April 2018
GRAP 26 (2017)	Impairment of cash-generating assets	1 April 2018
GRAP 27 (2017)	Agriculture	1 April 2018
GRAP 31 (2017)	Intangible Assets	1 April 2018
GRAP 103 (2017)	Heritage Assets	1 April 2018
GRAP 106 (2017)	Transfer of Functions Between Entities Not Under Common Control	1 April 2018

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality resolved not to early adopt the following Interpretation of the Standard of GRAP which was issued but is not yet effective:

Standard	Description	Effective Date
iGRAP 18 (2017)	Recognition and Derecognition of Land	1 April 2019

When the above-mentioned Interpretation of the Standards of GRAP becomes effective, the effect will be insignificant as the Municipality's current treatment is already in line with the interpretation's requirements and will only result in additional disclosure.

The Municipality further resolved not to early adopt Directive 12 - "The Selection of an Appropriate Reporting Framework by Public Entities" (effective 1 April 2018) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 18 - Segment Reporting (Original - February 2011)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.2.2 GRAP 20 - Related Party Disclosure (Original - June 2011)

The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The Municipality resolved to develop an accounting policy as set out in note 1.34 and also adopt the disclosure requirements of this Standard.

The impact of this Standard on the financial statements will be minimal.

1.08.2.3 GRAP 32 - Service Concession Arrangements: Grantor (Original - August 2013)

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.2.4 GRAP 34 - Separate Financial Statements (Original - March 2017)

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.2.5 GRAP 35 - Consolidated Financial Statements (Original - March 2017)

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

1.08.2.6 GRAP 36 - Investments in Associates and Joint Ventures (Original - March 2017)

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

1.08.2.7 GRAP 37 - Joint Arrangements (Original - March 2017)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

1.08.2.8 GRAP 38 - Disclosure of Interests in Other Entities (Original - March 2017)

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

1.08.2.9 GRAP 108 - Statutory Receivables (Original - September 2013)

The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

The Municipality resolved to develop an accounting policy as set out in note 1.19.

The impact of this Standard on the financial statements will be minimal.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.2.10 GRAP 109 - Accounting by Principles and Agents (Original - July 2015)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

1.08.2.11 GRAP 110 - Living and Non-living Resources (Original - March 2017)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

No significant impact is expected as the Municipality does not have any living resources.

1.08.2.12 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.09 RESERVES

1.09.1 Revaluations Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The following reserves are ring-fenced in the accumulated surplus and therefore disclosed as part of the accumulated surplus in the statement of financial position:

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.09 RESERVES (CONTINUED)

1.09.2 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

1.09.3 *Employee Benefits Reserve*

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits.

Contributions equal to the short term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus.

1.09.4 *Valuation Roll Reserve*

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation.

1.10 INVESTMENT PROPERTY

1.10.1 *Initial Recognition*

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.10 INVESTMENT PROPERTY (CONTINUED)

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.10.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is recognised in the Statement of Financial Performance for the period in which it arises.

1.10.3 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

1.10.4 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009.

The Municipality applied deemed cost where the acquisition cost of an asset could not be determined.

The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.11.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.11.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
Infrastructure		Land and Buildings	
Roads and Paving	7 - 110	Buildings and	
Pedestrian Malls	7 - 50	Improvements	5 - 100
Electricity	15 - 65	Land	Indefinite
Storm Water	10 - 78		
Community		Other Assets	
Community Halls	100	Vehicles	5 - 20
Libraries	100	Plant & Equipment	2 - 20
Parks & Gardens	15 - 30	Furniture	3 - 20
Sports facilities	25 - 45	Special Vehicles	10 - 15
Cemeteries	10 - 15	Specialised plant and	
		Equipment	8 - 15
		Office Equipment	4 - 16
		Computer Equipment	3 - 16
Capitalised Resoration Cost			
Landfill Sites	9 - 52		

1.11.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.11.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11.6 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined.

For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.12 INTANGIBLE ASSETS (CONTINUED)

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible asset with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	5 - 15

1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.12 INTANGIBLE ASSETS (CONTINUED)

1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.12.6 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009.

The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.13.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.13.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.13.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.14 INVENTORIES

1.14.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.15 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

1.15.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.15.1.1 *Multi-employer defined benefit plans*

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.15.1.2 *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.15 EMPLOYEE BENEFITS (CONTINUED)

1.15.2 Long-term Benefits

1.15.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.3 Short-term Benefits

1.15.3.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.15.3.2 Staff Bonuses Accrued

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.15.3.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15.3.4 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- (a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- (b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.17 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.17.1 Municipality as Lessee

1.17.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.17.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.17.2 Municipality as Lessor

1.17.2.1 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.18 FINANCIAL INSTRUMENTS

1.18.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.18.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.3.1 *Financial assets measured at amortised cost*

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.18.3.2 *Financial assets measured at cost*

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.18.4 Derecognition of financial instruments

1.18.4.1 *Financial assets*

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.18.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.190.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.190.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.190.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.19 STATUTORY RECEIVABLES (CONTINUED)

1.190.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.22 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the cash basis.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.25 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.26 REVENUE (CONTINUED)

1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.26.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.26.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.26.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

1.26.1.4 *Insurance Receipts*

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired

1.26.1.5 *Unclaimed deposits*

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.26 REVENUE (CONTINUED)

1.26.1.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.26.1.7 Services in-kind

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.26.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.26.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.26 REVENUE (CONTINUED)

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

1.26.2.2 *Interest earned*

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.26.2.3 *Rental income*

Revenue from the rental of fixed assets is recognised on a straight-line basis over the term of the lease agreement.

1.26.2.4 *Income from Agency Services*

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.26.2.5 *Other Tariffs*

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.26.2.6 *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.26.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.26 REVENUE (CONTINUED)

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.27 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.32 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.33 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.34 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.35 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.35.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.35.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.35.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.35.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

1.35 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.35.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.35.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

1.35.7 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.35.8 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	2017 R	2016 R
2 CASH AND CASH EQUIVALENTS		
Primary Bank Account	3 804 700	902 121
Call and short-term Investments Deposits	249 363 930	220 014 648
Cash Floats	700	700
Total	253 169 330	220 917 468

Due to the short term nature of cash deposits, all balances included above is in line with their fair value.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	11 688 458	11 144 292
Capital Replacement Reserve	152 104 290	129 954 167
Valuation Roll Reserve	1 500 000	1 204 645
Employee Benefit Reserve	25 443 721	24 018 277
Taxes	933 470	528 782
Working Capital Requirements	61 499 392	54 067 305
	253 169 330	220 917 468

Primary Bank Account

Standard Bank - Lady Grey Branch - Account Number 28 063 130 8

Bank Statement Balance - Opening Balance	657 401	2 130 982
Bank Statement Balance - Closing Balance	3 804 700	657 401
Cashbook Balance - Opening Balance	902 121	2 162 543
Cashbook Balance - Closing Balance	3 804 700	902 121

Call and Notice Deposits

Call and Notice Deposits consist out of the following accounts:

Standard Bank 388489162/0	166 246 067	143 280 433
Standard Bank 388489731/0	74 627 399	68 787 916
Standard Bank 388486066/0	8 490 464	7 946 298
	249 363 930	220 014 648

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2017

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	29 676 213	23 938 778	5 737 434
Electricity	20 393 534	15 144 043	5 249 491
Refuse	8 888 334	8 586 758	301 576
Housing Rentals	394 345	207 978	186 367
Other Receivables	4 790 210	-	4 790 210
Joe Gqabi District Municipality (WSA)	4 790 210	-	4 790 210
Total	34 466 422	23 938 778	10 527 644

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2016

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	25 935 792	20 349 607	5 586 185
Electricity	18 859 517	13 970 570	4 888 947
Refuse	6 595 528	6 144 225	451 304
Housing Rentals	480 747	234 812	245 934
Other Receivables	4 860 905	-	4 860 905
Joe Gqabi District Municipality (WSA)	4 860 905	-	4 860 905
Total	30 796 697	20 349 607	10 447 090

Included in the outstanding balances at 30 June 2017 are consumer debtors to the value of R 1,6 million who have made arrangements to repay their outstanding debt over a re-negotiated period.

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

Ageing of service and other receivables:	2017 R	2016 R
Electricity Ageing		
Current (0 - 30 days)	3 685 578	3 645 317
Past Due (31 - 60 Days)	1 652 425	1 616 614
Past Due (61 - 90 Days)	558 802	918 558
Past Due (90 Days +)	14 496 728	12 679 027
Total	20 393 534	18 859 517
Refuse Ageing		
Current (0 - 30 days)	429 474	318 088
Past Due (31 - 60 Days)	308 774	217 087
Past Due (61 - 90 Days)	254 153	168 118
Past Due (90 Days +)	7 895 932	5 892 235
Total	8 888 334	6 595 528
Housing Rentals Ageing		
Current (0 - 30 days)	34 036	69 195
Past Due (31 - 60 Days)	100 898	47 626
Past Due (61 - 90 Days)	17 736	13 217
Past Due (90 Days +)	241 674	350 709
Total	394 345	480 747
Other Receivables Ageing		
Past Due (90 Days +)	4 790 210	4 860 905
Total	4 790 210	4 860 905

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	2017 R	2016 R
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Total Service and Other Receivables Ageing		
Current (0 - 30 days)	4 149 089	4 032 600
Past Due (31 - 60 Days)	2 062 098	1 881 327
Past Due (61 - 90 Days)	830 691	1 099 894
Past Due (90 Days +)	27 424 544	23 782 876
Total	34 466 422	30 796 697
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	20 349 607	16 797 509
Contribution to the provision	3 589 171	4 014 023
Electricity	1 173 473	2 729 955
Refuse	2 415 698	1 224 560
Housing Rentals	-	59 509
Bad Debts Written off	-	(461 925)
Electricity	-	(236 742)
Refuse	-	(225 183)
Balance at the end of the year	23 938 778	20 349 607

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2017

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	9 674 478	9 038 064	636 414
Rates	9 674 478	9 038 064	636 414
Other Receivables	2 630 156	529 800	2 100 356
Traffic fines income due	529 800	529 800	-
Other Receivables	2 100 356	-	2 100 356
Total	12 304 634	9 567 864	2 736 770

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2016

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	8 353 021	7 743 237	609 784
Rates	8 353 021	7 743 237	609 784
Other Receivables	1 874 778	437 850	1 436 928
Traffic fines income due	437 850	437 850	-
Other Receivables	1 436 928	-	1 436 928
Balance previously reported	1 465 967	-	1 465 967
Prior period adjustment - Note 40.1	(29 039)	-	(29 039)
Total	10 227 798	8 181 087	2 046 711

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2017 R	2016 R
Ageing of service receivables:		
Rates Ageing		
Current (0 - 30 days)	122 455	60 416
Past Due (31 - 60 Days)	255 221	191 057
Past Due (61 - 90 Days)	238 931	175 194
Past Due (90 Days +)	9 057 871	7 926 354
Total	9 674 478	8 353 021

Reconciliation of Allowance for impairment

Balance at the beginning of the year	8 181 087	7 054 376
Contribution to the provision	1 386 777	1 311 975
Rates	1 294 827	1 213 925
Fines	91 950	98 050
Bad Debts Written off	-	(185 264)
Rates	-	(185 264)
Balance at the end of the year	9 567 864	8 181 087

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The ageing of amounts past due but not impaired is as follows:

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2017			
1 month past due	1 446 579	96 484	1 543 063
2 + months past due	901 689	482 047	1 383 736
Total	2 348 268	578 531	2 926 798
2016			
1 month past due	1 171 506	39 850	1 211 356
2 + months past due	1 141 478	566 087	1 707 564
Total	2 312 984	605 936	2 918 920

Trade and other receivables impaired:

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2017			
Total	23 938 778	9 567 864	33 506 642
2016			
Total	20 349 607	8 181 087	28 530 694

5 TAXES

	2017 R	2016 R
Vat Receivable	11 228 116	7 745 040
Vat Payable	(2 827 965)	(2 476 282)
Vat on Contribution to Provision for Impairment of Trade Receivables from Exchange Transactions	1 894 495	1 947 500
Total	10 294 646	7 216 258

VAT is accounted for on the cash basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	2017 R	2016 R
6 OPERATING LEASES		
6.1 OPERATING LEASE ASSETS		
Operating Lease Asset	235 062	233 064
The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.		
Reconciliation of Operating Lease Asset:		
Balance at the beginning of the year	233 064	270 537
Balance previously reported	-	271 412
Prior period adjustment - Note 40.2	-	(875)
Movement during the year	1 998	(37 472)
Balance previously reported	-	(37 165)
Prior period adjustment - Note 40.2	-	(307)
Balance at the end of the year	235 062	233 064
The municipality will receive the following lease payments from contracts that have defined lease payments and terms:		
Within 1 Year	1 044 476	786 412
Between 1 and 5 Years	1 157 449	1 823 171
	2 201 925	2 609 583
The lease payments are in respect of properties being lease out over a period ranging up to 2021.		
6.2 OPERATING LEASE LIABILITIES		
Operating Lease Liability	2 895	5 678
The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.		
Reconciliation of Operating Lease Liability:		
Balance at the beginning of the year	5 678	6 240
Movement during the year	(2 784)	(561)
Balance at the end of the year	2 895	5 678
The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms:		
Within 1 Year	21 042	30 005
Between 1 and 5 Years	-	21 042
	21 042	51 047

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	2017 R	2016 R
6 OPERATING LEASES (CONTINUED)		
The Municipality entered into a lease agreement to rent the Library building in Lady Grey. The lease agreement commenced on 1 March 2013 and will run up to 28 February 2018. The initial monthly rental is R2 204 (VAT inclusive) and the lease is subject to an annual increase of 8%. The municipality has the option to renew the lease after 28 February 2018.		
7 INVENTORY		
Electricity materials	818 160	1 522 858
Balance previously reported	-	1 456 056
Prior period adjustment - Note 40.3	-	66 802
Total	818 160	1 522 858
No inventory were pledged as security for liabilities.		
8 INVESTMENT PROPERTY		
Investment Property - Carrying Value	28 311 500	22 201 000
The movement in investment properties is reconciled as follows:		
Opening Carrying Value	22 201 000	17 024 205
Fair Value	22 201 000	17 024 205
Transfers from Property, Plant and equipment - Note 9	4 548 000	-
Transfers to Property, Plant and equipment - Note 9	(111 500)	-
Fair Value Adjustment	1 679 000	5 323 145
Impairment	(5 000)	(146 350)
Closing Carrying Value	28 311 500	22 201 000
Fair Value	28 311 500	22 201 000
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
The valuations were performed by Umhlaba Valuers and the valuer was Mr Hein McLeod, a professional valuer with registration number 3257. Properties were valued on the comparative sales method of valuation, based on the active market values in the area.		
Rental revenue earned from Investment Properties	448 714	627 828

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

9 PROPERTY PLANT AND EQUIPMENT

30 June 2017	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Disposals	Gain on Fair Value Revaluation	Transfers	Closing Balance	Opening Balance	Additions	Disposals/ Revaluation	Loss on Fair Value Revaluation	Transfers to Cost	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	91 058 520	1 892 456	-	6 478 386	(4 611 050)	94 818 312	-	788 907	(788 907)	174 550	(174 550)	-	94 818 312
Land	21 456 550	265 288	-	3 302 500	(812 550)	24 211 788	-	-	-	174 550	(174 550)	-	24 211 788
Buildings	69 601 970	1 627 168	-	3 175 886	(3 798 500)	70 606 524	-	788 907	(788 907)	-	-	-	70 606 524
Infrastructure	223 784 090	27 204 059	(671 016)	-	-	250 317 134	74 541 313	11 597 547	(460 666)	-	-	85 678 194	164 638 940
Roads	144 320 157	17 188 722	(592 338)	-	-	160 916 541	60 962 502	9 305 343	(420 036)	-	-	69 847 808	91 068 733
Stormwater	47 610 327	2 455 361	-	-	-	50 065 688	8 482 857	1 318 672	-	-	-	9 801 529	40 264 159
Solid Waste	3 741 790	340 295	-	-	-	4 082 085	1 515 827	151 007	-	-	-	1 666 834	2 415 251
Electricity	15 595 386	7 219 681	(78 678)	-	-	22 736 388	2 807 041	436 473	(40 630)	-	-	3 202 884	19 533 504
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	773 087	386 052	-	-	-	1 159 139	11 357 292
Community Assets	33 809 900	9 887 369	-	-	-	43 697 269	1 841 738	1 450 832	-	-	-	3 292 571	40 404 699
Sports Fields	17 758 310	7 599 576	-	-	-	25 357 886	794 195	548 713	-	-	-	1 342 908	24 014 978
Node Development	8 380 791	70 175	-	-	-	8 450 966	785 385	260 957	-	-	-	1 046 341	7 404 625
Parks & Gardens	1 160 263	555 209	-	-	-	1 715 472	92 473	43 627	-	-	-	136 101	1 579 371
Cemetery	6 480 870	336 814	-	-	-	6 817 684	169 685	448 282	-	-	-	617 967	6 199 718
Other	29 666	1 325 594	-	-	-	1 355 260	-	149 254	-	-	-	149 254	1 206 006
Other Assets	48 272 679	2 840 025	(562 904)	-	-	50 549 800	19 650 347	5 493 170	(479 299)	-	-	24 664 218	25 885 582
Motor Vehicles	11 514 296	424 743	(195 683)	-	-	11 743 356	5 361 403	1 739 131	(186 701)	-	-	6 913 832	4 829 524
Plant & Equipment	21 430 630	715 046	(204 623)	-	-	21 941 052	7 907 242	1 862 202	(153 884)	-	-	9 615 560	12 325 492
Office Equipment	2 032 249	387 584	(8 432)	-	-	2 411 401	1 255 642	318 364	(8 734)	-	-	1 565 273	846 128
Furniture & Fittings	4 530 737	71 846	(27 874)	-	-	4 574 709	1 931 236	483 807	(25 126)	-	-	2 389 917	2 184 792
Loose Equipment	537 007	-	(7 750)	-	-	529 257	278 381	105 084	(5 210)	-	-	378 255	151 002
Computer Equipment	4 146 382	1 240 807	(118 542)	-	-	5 268 647	2 168 166	661 414	(99 644)	-	-	2 729 937	2 538 710
Specialised Vehicles	4 081 378	-	-	-	-	4 081 378	748 277	323 168	-	-	-	1 071 444	3 009 934
Security Items	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	396 925 189	41 823 909	(1 233 920)	6 478 386	(4 611 050)	439 382 515	96 033 399	19 330 456	(1 728 872)	174 550	(174 550)	113 634 982	325 747 532

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2016	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Disposals	Gain on Fair Value Revaluation	Transfers	Closing Balance	Opening Balance	Additions	Disposals/ Revaluation	Loss on Fair Value Revaluation	Transfers to Cost	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	78 379 624	8 724 492	-	5 135 490	(1 181 087)	91 058 520	-	627 538	(627 538)	1 181 087	(1 181 087)	-	91 058 520
Land	19 817 145	-	-	2 003 240	(363 835)	21 456 550	-	-	-	363 835	(363 835)	-	21 456 550
Buildings	58 562 479	8 724 492	-	3 132 250	(817 252)	69 601 970	-	627 538	(627 538)	817 252	(817 252)	-	69 601 970
Infrastructure	204 443 578	20 128 893	(788 380)	-	-	223 784 090	64 065 588	10 870 853	(395 128)	-	-	74 541 313	149 242 777
Roads	131 697 055	12 698 359	(75 257)	-	-	144 320 157	52 276 695	8 759 630	(73 823)	-	-	60 962 502	83 357 655
Stormwater	43 073 619	4 579 582	(42 874)	-	-	47 610 327	7 269 413	1 232 727	(19 283)	-	-	8 482 857	39 127 470
Solid Waste	3 240 254	501 536	-	-	-	3 741 790	1 364 900	150 928	-	-	-	1 515 827	2 225 963
Electricity	13 916 219	2 349 416	(670 249)	-	-	15 595 386	2 767 508	341 554	(302 022)	-	-	2 807 041	12 788 345
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	387 072	386 015	-	-	-	773 087	11 743 345
Community Assets	27 852 816	5 957 084	-	-	-	33 809 900	900 102	941 636	-	-	-	1 841 738	31 968 162
Sports Fields	16 132 697	1 625 613	-	-	-	17 758 310	268 423	525 772	-	-	-	794 195	16 964 115
Node Development	8 380 791	-	-	-	-	8 380 791	524 780	260 605	-	-	-	785 385	7 595 406
Parks & Gardens	1 090 100	70 163	-	-	-	1 160 263	48 852	43 621	-	-	-	92 473	1 067 790
Cemetery	2 249 228	4 231 642	-	-	-	6 480 870	58 047	111 638	-	-	-	169 685	6 311 185
Other	-	29 666	-	-	-	29 666	-	-	-	-	-	-	29 666
Other Assets	45 625 021	3 989 166	(1 341 509)	-	-	48 272 679	15 271 704	5 574 793	(1 196 150)	-	-	19 650 347	28 622 332
Motor Vehicles	10 565 986	1 324 939	(376 630)	-	-	11 514 296	3 939 307	1 767 795	(345 699)	-	-	5 361 403	6 152 893
Plant & Equipment	21 080 742	1 007 461	(657 573)	-	-	21 430 630	6 445 688	2 046 288	(584 733)	-	-	7 907 242	13 523 387
Office Equipment	1 716 618	357 153	(41 522)	-	-	2 032 249	1 022 278	271 370	(38 006)	-	-	1 255 642	776 607
Furniture & Fittings	4 316 338	237 193	(22 793)	-	-	4 530 737	1 460 794	491 125	(20 684)	-	-	1 931 236	2 599 502
Loose Equipment	527 126	67 332	(57 451)	-	-	537 007	213 889	111 631	(47 139)	-	-	278 381	258 625
Computer Equipment	3 948 913	383 008	(185 539)	-	-	4 146 382	1 718 107	609 949	(159 889)	-	-	2 168 166	1 978 216
Specialised Vehicles	3 469 298	612 080	-	-	-	4 081 378	471 641	276 635	-	-	-	748 277	3 333 102
Security Items	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	356 301 039	38 799 636	(2 129 889)	5 135 490	(1 181 087)	396 925 189	80 237 394	18 014 821	(2 218 816)	1 181 087	(1 181 087)	96 033 399	300 891 791

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2016	Cost						Accumulated Depreciation						Carrying Value R
	Opening Balance R	Additions R	Disposals R	Transfers R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Transfers R	Closing Balance R	
Balance Previously Reported	357 939 829	38 799 636	(2 129 889)	5 135 490	(1 181 087)	398 563 979	80 593 902	18 087 011	(2 093 526)	4 724 335	(4 724 335)	96 587 387	301 976 592
Prior Period Adjustment - Refer to Note 40.4	(1 638 790)	-	-	-	-	(1 638 790)	(356 508)	(72 190)	(125 290)	(3 543 248)	3 543 248	(553 988)	(1 084 801)
Restated Balance	356 301 039	38 799 636	(2 129 889)	5 135 490	(1 181 087)	396 925 189	80 237 394	18 014 821	(2 218 816)	1 181 087	(1 181 087)	96 033 399	300 891 791

The valuations on Land and Buildings were performed by Umhlaba Valuers and the valuer was Mr Hein McLeod, a professional valuer with registration number 3257. Properties were valued on the comparative sales method of valuation, based on the active market values in the area.

Refer to note 39 for the disclosure of repairs and maintenance per asset class as required by GRAP 17.

The following work in progress balances are included in PPE. No Depreciation charge is recognised against these amounts.

	2017 R	2016 R
Buildings	2 583 814	8 355 220
Cemeteries	-	3 949 994
Infrastructure - Electricity	718 045	2 559 948
Infrastructure - Roads	21 316 240	17 692 458
Infrastructure - Waste Management	1 407 320	1 067 025
Sports Fields	8 401 631	802 055
Parks & Gardens	625 372	70 163
Community Assets - Other	-	29 666
Total Work in Progress (WIP)	35 052 421	34 526 528

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	2017 R	2016 R
10 INTANGIBLE ASSETS		
Intangible Assets - Carrying Value	392 606	219 932

The movement in intangible assets is reconciled as follows:

Opening Carrying Value	219 932	202 654
Cost	710 489	625 450
Accumulated Amortisation	(490 557)	(422 796)
Acquisitions	247 046	85 039
Disposals	(4 366)	-
Amortisation for the year	(70 006)	(67 761)
Closing Carrying Value	392 606	219 932
Cost	801 723	710 489
Accumulated Amortisation	(409 116)	(490 557)

Intangible Assets consist only out of software

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

11 CAPITALISED RESTORATION COST (PPE)

Capitalised Restoration Cost - Carrying Value	1 285 883	1 114 902
---	------------------	------------------

The movement in capitalised restoration cost is reconciled as follows:

Opening Carrying Value	1 114 902	1 293 601
Cost	2 825 891	2 831 294
Accumulated Depreciation	(1 362 639)	(1 290 774)
Accumulated Impairments	(348 349)	(246 919)
Additions/(Disposal)	334 906	(5 403)
Depreciation for the year	(57 306)	(71 865)
Impairments for the year	(106 619)	(101 430)
Closing Carrying Value	1 285 883	1 114 902
Cost	3 160 797	2 825 891
Accumulated Depreciation	(1 419 945)	(1 362 639)
Accumulated Impairments	(454 969)	(348 349)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

11 CAPITALISED RESTORATION COST (PPE) (CONTINUED)

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Senqu Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 18 for more detail relating to this asset financed by way of a provision

12 BORROWINGS

	2017 R	2016 R
Annuity Loans	12 027 754	12 842 661
Sub-Total	12 027 754	12 842 661
Less: Current portion	827 098	814 516
Annuity Loans	827 098	814 516
Total	11 200 656	12 028 145

Borrowings were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future installments.

Annuity loans are payable as follows:

Payable within one year	1 805 545	1 861 350
Payable within two to five years	6 385 819	6 588 267
Payable after five years	10 261 895	11 782 431
Total amount payable	18 453 258	20 232 048
Less: Outstanding Future Finance Charges	(6 425 504)	(7 389 387)
Present value of annuity loans	12 027 754	12 842 661

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
13	CONSUMER DEPOSITS		
	Electricity	1 432 479	1 341 579
	Total	1 432 479	1 341 579

No guarantees held in lieu of Electricity Deposits

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

Consumer deposits are paid by consumers on application for new and electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

14 PAYABLES FROM EXCHANGE TRANSACTIONS

Other Payables	4 038 807	923 835
Deposits: Other	132 722	42 282
Payments received in advance	357 926	942 775
Retentions	2 740 285	1 526 432
DBSA Interest Accrual	267 847	286 094
Over payment of NDPG by National Treasury	-	-
Balance previously reported	-	4 602 000
Prior period adjustment - Note 40.5	-	(4 602 000)
Total	7 537 588	3 721 418

Payables are being recognised net of any discounts received.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value.

15 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Unspent Conditional Government Grants

National Government	2 010 056	2 010 056
Provincial Government	9 678 402	9 134 236
Total	11 688 458	11 144 292

Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

15 PAYABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

	2017 R	2016 R
16 CURRENT EMPLOYEE BENEFITS		
Post Retirement Medical Benefits - Note 17	326 431	282 756
Long Service Awards - Note 17	352 650	184 055
Bonuses	2 152 653	1 873 829
Performance Bonuses	2 409 269	2 094 397
Compensation for injuries on duty contribution	1 284 047	1 982 381
Staff Leave	3 506 878	3 072 828
Total	10 031 929	9 490 246

The movement in current employee benefits are reconciled as follows:

Bonuses

Opening Balance	1 873 829	1 653 280
Contribution during the year	3 899 211	3 347 493
Payments made	(3 620 388)	(3 126 943)
Balance at end of year	2 152 653	1 873 829

Bonuses are paid in November of each year to permanent employees and contract employees structuring the package to provide for 13th cheque.

Performance Bonuses

Opening Balance	2 094 397	1 357 050
Contribution during the year	2 243 574	2 522 395
Payments made	(1 928 703)	(1 785 048)
Balance at end of year	2 409 269	2 094 397

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	2017 R	2016 R
16 CURRENT EMPLOYEE BENEFITS (CONTINUED)		
<u>Compensation for injuries on duty contribution</u>		
Opening Balance	1 982 381	1 301 280
Contribution during the year	770 354	681 101
Payments made	(1 468 687)	-
Balance at end of year	1 284 047	1 982 381

The balance on the compensation for injuries on duty contribution represents the current liability of the municipality that has not yet been paid over to the relevant authorities. There is no possibility of reimbursement.

Staff Leave

Opening Balance	3 072 828	3 109 190
Contribution during the year	1 640 086	1 313 762
Payments made	(1 206 036)	(1 350 124)
Balance at end of year	3 506 878	3 072 828

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

17 EMPLOYEE BENEFITS

Post Retirement Medical Benefits	14 166 860	13 312 125
Long Service Awards	1 244 932	1 215 906
Total	15 411 792	14 528 031

17.1 POST RETIREMENT MEDICAL BENEFITS

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	13 594 881	11 602 634
Contribution during the year	2 807 438	2 166 338
Current Service Cost	1 541 033	1 126 941
Interest Cost	1 266 405	1 039 397
Payments made	(229 621)	(251 857)
Actuarial Loss/(Gain)	(1 679 407)	77 766
Total balance at year-end	14 493 291	13 594 881
Less: Current Portion - Note 16	(326 431)	(282 756)
Total	14 166 860	13 312 125

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

17 EMPLOYEE BENEFITS (CONTINUED)

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2017	2016
In-service members	152	144
Continuation members	6	6
Total	158	150

The liability in respect of past service has been estimated to be as follows:

	2017 R	2016 R
In-service members	10 930 981	10 093 176
Continuation members	3 562 311	3 501 705
Total Unfunded Liability	14 493 291	13 594 881

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2015 R	2014 R	2013 R
In-service members	8 206 306	7 298 813	6 904 449
Continuation members	3 396 328	3 152 071	2 792 297
Total Unfunded Liability	11 602 634	10 450 884	9 696 746

Experience adjustments were calculated as follows:

	2017 R m	2016 R m
Liabilities: (Gain)/Loss	0.491	0.122
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2015 R m	2014 R m	2013 R m
Liabilities: (Gain)/Loss	(0.334)	(1.344)	(1.777)
Assets: Gain/(Loss)	-	-	-

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas
Hosmed
LA Health
Munimed
SAMWU Medical Aid

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

17

EMPLOYEE BENEFITS (CONTINUED)

2017

2016

Key Actuarial Assumptions used are as follows:

Interest Rates

Discount rate	9.79%	9.41%
Health Care Cost Inflation Rate	8.07%	8.45%
Net Effective Discount Rate	1.60%	0.88%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

Normal Retirement Age

It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed in August 2017.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (Rm)	Continuation members (Rm)	Total liability (Rm)	% change
Liability	10.931	3.562	14.493	
Health care inflation				
+ 1%	13.547	3.857	17.404	20%
- 1%	8.906	3.300	12.206	-16%
Discount rate				
+ 1%	8.950	3.306	12.256	-15%
- 1%	13.527	3.855	17.382	20%
Post-retirement mortality				
- 1 year	11.273	3.714	14.988	3%
Average retirement age				
- 1 year	12.118	3.562	15.681	8%
Continuation of membership at retirement				
- 10%	9.885	3.562	13.447	-7%

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)	Total Cost (Rm)	% change
Future Cost	1 497 400	1 403 800	2 901 200	
Health care inflation				
+ 1%	1 876 400	1 688 800	3 565 200	23%
- 1%	1 206 700	1 179 800	2 386 500	-18%
Discount rate				
+ 1%	1 224 100	1 305 700	2 529 800	-13%
- 1%	1 856 500	1 514 500	3 371 000	16%
Post-retirement mortality				
- 1 year	1 544 000	1 452 300	2 996 300	3%
Average retirement age				
- 1 year	1 615 300	1 520 100	3 135 400	8%
Continuation of membership at retirement				
- 10%	1 355 100	1 301 400	2 656 500	-8%

17.2 LONG SERVICE AWARDS

The movement in Long Service Awards are reconciled as follows:

Opening Balance	1 399 961	1 196 040
Contribution during the year	360 231	294 682
Current Service Cost	250 459	206 702
Interest Cost	109 772	87 980
Payments made	(135 761)	(199 212)
Actuarial Loss/(Gain)	(26 849)	108 451
Total balance at year-end	1 597 582	1 399 961
Less: Current Portion - Note 16	(352 650)	(184 055)
Total	1 244 932	1 215 906

The following members are eligible for long service bonuses:

	2017	2016
In-service members	236	229

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

17	EMPLOYEE BENEFITS (CONTINUED)	2017	2016
		R	R
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	1 597 582	1 399 961
	Total Unfunded Liability	1 597 582	1 399 961
	The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:		
	2015	2014	2013
	R	R	R
	In-service members	1 043 732	833 277
	Total Unfunded Liability	1 043 732	833 277
	Experience adjustments were calculated as follows:		
		2017	2016
		R	R
	Liabilities: (Gain)/Loss	38 958	146 998
	Assets: Gain/(Loss)	-	-
	Experience adjustments were calculated as follows in years prior to the comparative year:		
	2015	2014	2013
	R	R	R
	Liabilities: (Gain)/Loss	87 434	(125 553)
	Assets: Gain/(Loss)	-	-
	Key Actuarial Assumptions used are as follows:		
		2017	2016
	Interest Rates		
	Discount rate	8.28%	8.38%
	General Salary Inflation (long-term)	6.10%	7.05%
	Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.06%	1.24%
	The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"		
	Last Valuation		
	The last valuation was performed in August 2016.		
	Actuarial Valuation Method		
	The Projected Unit Credit Method has been used to value the liabilities.		

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	Total liability (Rm)	% change
Liability	1.598	
General salary inflation		
+ 1%	1.676	5%
- 1%	1.525	-5%
Discount rate		
+ 1%	1.520	-5%
- 1%	1.683	5%
Average retirement age		
- 2 years	1.512	-5%
+ 2 years	1.662	4%
Withdrawal rates		
-50%	1.940	21%

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost R	Interest Cost R	Total Cost R	% change
Future Cost	255 600	118 000	373 600	
General salary inflation				
+ 1%	271 700	124 500	396 200	6%
- 1%	240 900	112 000	352 900	-6%
Discount rate				
+ 1%	242 300	125 100	367 400	-2%
- 1%	270 400	109 900	380 300	2%
Average retirement age				
- 2 years	243 200	110 900	354 100	-5%
+ 2 years	266 100	123 300	389 400	4%
Withdrawal rates				
-50%	337 800	146 300	484 100	30%

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

17 EMPLOYEE BENEFITS (CONTINUED)

17.3 OTHER PENSION BENEFITS

Defined Benefit Plans	2017 R	2016 R
Council contributes to the following defined benefit plans:		
Cape Joint Pension Fund	5 929 716	5 027 729
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in an sound financial position with a funding level of 103.5% (30 June 2015 - 101.4%).		
Total	5 929 716	5 027 729

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund and Cape Joint Pension Fund are Multi Employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

Defined Contribution Plans

Council contributes to the following defined contribution plans:

SALA Pension Fund	991 242	789 567
SAMWU National Provident Fund	81 864	75 354
Total	1 073 106	864 921

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
18	NON-CURRENT PROVISIONS		
	Rehabilitation Provision - Landfill Sites	<u>5 272 354</u>	<u>4 636 101</u>
	The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
	Opening Balance	4 636 101	4 358 220
	Contribution during the year	636 253	277 881
	Increase/(Decrease) in estimate	334 906	(5 403)
	Interest Cost	301 347	283 284
	Total	<u>5 272 354</u>	<u>4 636 101</u>

It is expected that outflows of economic benefits in respect of the provision for rehabilitation of landfill sites will occur beyond the 3-Year Medium Term Revenue and Expenditure Framework period.

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

Site	Expected Closure Date		
Barkly East	2034	888 860	823 698
Lady Grey	2059	848 015	747 425
Sterkspruit	2033	1 018 933	975 471
Rhodes	2035	1 593 503	1 217 405
Rossouw	2016	923 043	872 101
Total		<u>5 272 354</u>	<u>4 636 101</u>

		2017 R	2016 R
19	COMMUNITY WEALTH		
19.1	RESERVES		
	Revaluations Reserve	<u>27 439 962</u>	<u>20 238 668</u>
	Total	<u>27 439 962</u>	<u>20 238 668</u>

The Revaluation Reserve is treated in accordance with the requirements of GRAP 17. See Statement of Changes in Net Assets for detail on the movement in the Revaluations Reserve.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

19	COMMUNITY WEALTH (CONTINUED)	2017 R	2016 R
19.2 ACCUMULATED SURPLUS			
The following internal funds and reserves are ring-fenced within the Accumulated Surplus:			
Capital Replacement Reserve	152 104 290	129 954 167	
Employee Benefits Reserve	25 443 721	24 018 277	
Valuation Roll Reserve	1 500 000	1 204 645	
Accumulated Surplus due to the results of operations	363 625 914	333 685 312	
Total	542 673 924	488 862 402	
The Capital Replacement Reserve is created in order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources.			
The aim of the Employee Benefits Reserve is to ensure that sufficient cash resources are available for the future payment of employee benefits.			
The Valuation Roll Reserve is to ensure that sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.			
20	PROPERTY RATES		
Total Property Rates	6 939 516	6 274 090	
Less: Rebates	(1 747 269)	(1 620 042)	
Total	5 192 247	4 654 049	
Property rate levied are based on the following ratable valuations:			
Residential Property	376 795 500	374 212 500	
Commercial Property	161 761 500	161 323 000	
Public Benefits Organisations	36 796 500	39 475 500	
Public Service Infrastructure	361 000	361 000	
Agricultural Purposes	1 618 306 550	1 618 532 550	
State - National / Provincial Services	72 053 510	43 294 510	
Municipal Property	214 761 500	209 040 500	
Vacant Property	62 262 000	58 812 500	
Total Valuation	2 543 098 060	2 505 052 060	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

20 PROPERTY RATES (CONTINUED)

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2012.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

	2017	2016
The following rates are applicable to the valuations above:		
Residential	0.6074c/R	0.5730c/R
Commercial	0.7265c/R	0.6854c/R
Agricultural	0.1548c/R	0.1461c/R
State - National / Provincial Services	0.1500c/R	0.5730c/R
Vacant Property	0.9528c/R	0.8989c/R

Rates are levied monthly and payable by the end of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

21 TRANSFERS AND SUBSIDIES

	2017 R	2016 R
Unconditional Grants - National Government	129 802 000	135 985 000
Equitable Share	129 802 000	135 985 000
Conditional Grants - National Government	42 850 000	42 693 699
Municipal Finance Management	1 625 000	1 600 000
Municipal Infrastructure Grant	36 728 000	38 104 699
Municipal Systems Improvement	-	930 000
EPWP (Expanded Public Works Program)	1 497 000	2 059 000
Dept Sport (Youth Development - Sport Fields)	3 000 000	-
Conditional Grants - Provincial Government	1 500 000	2 429 414
Alien Vegetation Eradication	-	1 229 414
Libraries	1 500 000	1 200 000
Total	174 152 000	181 108 113
Disclosed as:		
Transfers and Subsidies - Capital	33 683 561	31 955 780
Transfers and Subsidies - Operating	140 468 439	149 152 333
Total	174 152 000	181 108 113

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	2017 R	2016 R
21 TRANSFERS AND SUBSIDIES (CONTINUED)		
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	129 802 000	135 985 000
Executive & Council	-	500 000
Budget & Treasury	1 625 000	2 030 000
Planning & Development	1 836 400	3 016 269
Community & Social Services	1 500 000	13 599 414
Sport & Recreation	-	2 361 073
Waste Management	-	537 544
Road Transport	36 388 600	21 610 628
Electricity	3 000 000	1 468 186
Total	174 152 000	181 108 113

The movements per grant can be summarised as follows:

21.01 Equitable Share

Grants Received	129 802 000	135 985 000
Transferred to Revenue - Operating	(129 802 000)	(135 985 000)
Closing Unspent Balance	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

21.02 Financial Management Grant (FMG)

Opening Unspent Balance	-	-
Grants Received	1 625 000	1 600 000
Transferred to Revenue - Operating	(1 625 000)	(1 600 000)
Closing Unspent Balance	-	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.

21.02 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	-	4 842 699
Grants Received	36 728 000	33 262 000
Transferred to Revenue - Capital	(30 683 561)	(31 955 780)
Transferred to Revenue - Operating	(6 044 439)	(6 148 920)
Closing Unspent Balance	-	-

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
21	TRANSFERS AND SUBSIDIES (CONTINUED)		
	21.03 Municipal Systems Improvement Grant (MSIG)		
	Opening Unspent Balance	-	-
	Grants Received	-	930 000
	Transferred to Revenue - Operating	-	(930 000)
	Closing Unspent Balance	-	-
	The MSIG is a conditional grant used to build in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
	21.04 NDPG (Neighbourhood Development Partnership Grant)		
	Opening Unspent Balance	2 010 056	2 010 056
	Closing Unspent Balance	2 010 056	2 010 056
	The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area.		
	21.05 EPWP (Expanded Public Works Program)		
	Opening Unspent Balance	-	-
	Grants Received	1 497 000	2 059 000
	Transferred to Revenue - Operating	(1 497 000)	(2 059 000)
	Closing Unspent Balance	-	-
	The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
	21.06 Integrated National Electrification Grant		
	Opening Unspent Balance	-	-
	Grants Received	3 000 000	-
	Transferred to Revenue - Capital	(3 000 000)	-
	Closing Unspent Balance	-	-
	The Integrated National Electrification Grant was received from National Treasury to utilised for electrical projects within the Senqu area.		
	21.07 Prov Gov - Housing (Hillside)		
	Opening Unspent Balance	232 651	232 651
	Closing Unspent Balance	232 651	232 651
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
21	TRANSFERS AND SUBSIDIES (CONTINUED)		
	21.08 Herschel People's Housing		
	Opening Unspent Balance	8 901 583	8 446 905
	Current year receipts - Interest	544 166	454 678
	Closing Unspent Balance	9 445 749	8 901 583
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
	21.09 Alien Vegetation Eradication		
	Opening Unspent Balance	-	1 229 414
	Transferred to Revenue - Operating	-	(1 229 414)
	Closing Unspent Balance	-	-
	The grant was received from the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism to remove alien species and thereafter conduct land rehabilitation within the area.		
	21.10 Libraries		
	Opening Unspent Balance	-	-
	Grants Received	1 500 000	1 200 000
	Transferred to Revenue - Operating	(1 500 000)	(1 200 000)
	Closing Unspent Balance	-	-
	The Libraries grant was utilised for the upkeep and operational cost for libraries.		
	21.11 Total Transfers and Subsidies		
	Opening Unspent Balance	11 144 292	16 761 726
	Grants Received	174 152 000	175 036 000
	Current year receipts - Interest	544 166	454 679
	Transferred to Revenue - Capital	(33 683 561)	(31 955 780)
	Transferred to Revenue - Operating	(140 468 439)	(149 152 333)
	Closing Unspent Balance	11 688 458	11 144 292
22	FINES, PENALTIES AND FORFEITS		
	Fines: Pound Fees	41 305	56 166
	Fines: Traffic	117 389	138 875
	Forfeits: Retentions	-	128 893
	Total	158 694	323 933

In terms of the requirements of GRAP 23 and IGRAP1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
23	SERVICE CHARGES		
	Electricity Revenue	34 091 619	33 177 518
	Refuse Removal Revenue	9 085 029	7 284 726
	Total Revenue	43 176 649	40 462 244
	Less: Rebates	(9 498 542)	(9 566 121)
	Electricity Revenue	(5 845 613)	(5 080 925)
	Refuse Removal Revenue	(3 652 929)	(4 485 196)
	Total	33 678 106	30 896 123
	<p>Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.</p>		
24	RENTAL FROM FIXED ASSETS		
	Investment Property	448 714	627 828
	Buildings	48 748	125 553
	Machinery and Equipment	5 878	3 036
	Total	503 341	756 417
25	INTEREST EARNED - OUTSTANDING DEBTORS		
	Interest Earned - Service Debtors	2 152 620	1 846 590
	Interest Earned - Penalty Interest on Property Rates	753 207	647 336
	Total	2 905 827	2 493 926
26	SALES OF GOODS AND RENDERING OF SERVICES		
	Advertisements	237 993	54 245
	Building Plan Clause Levy	46 149	46 180
	Cemetery and Burial	22 931	29 134
	Clearance Certificates	12 763	-
	Entrance Fees	13 739	9 843
	Library Fees	1 461	3 775
	Photocopies and Faxes	1 834	-
	Sale of Agricultural Products	57 649	69 003
	Sale of documents	719	-
	Tender Documents	77 106	212 192
	Valuation Services	4 819	79 742
	Total	477 163	504 115

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
27	OPERATIONAL REVENUE		
	Collection Charges	1 242	-
	Commission	353 803	14 658
	Grazing Fees	4 256	28 905
	LG Seta	260 197	105 655
	Staff Recoveries	53 251	57 522
	Total	672 749	206 740

28	EMPLOYEE RELATED COSTS		
	Basic Salary	51 048 111	43 798 850
	Pension and UIF Contributions	7 145 389	6 272 138
	Medical Aid Contributions	3 444 799	2 784 849
	Overtime	-	1 234
	Bonuses	3 899 211	3 864 287
	Performance Bonus	2 243 574	2 055 212
	Telephone allowance	400 602	398 804
	Housing Allowances	331 170	226 218
	Other benefits and allowances	22 287	215 647
	Leave Contributions	1 640 086	1 221 987
	Long service awards	250 459	206 702
	Post Retirement Medical Benefits	1 541 033	1 126 941
	Total	71 966 723	62 172 869

Remuneration of Key Personnel

Key management personnel are all appointed on 5-year fixed contracts.

Municipal Manager - MM Yawa

Annual Remuneration	1 869 247	1 480 240
Performance Bonus - 2014/15	-	286 325
Performance Bonus - 2015/16	306 367	-
Travel Allowance	-	62 100
Telephone allowance	2 000	24 000
UIF Contributions	1 785	1 785
Total	2 179 399	1 854 450

Director Financial Services - Mr CR Venter (Contract Expired 30 Nov 2016)

Annual Remuneration	604 539	1 368 810
Performance Bonus - 2014/15	-	243 377
Performance Bonus - 2015/16	233 001	-
Telephone allowance	5 000	12 000
UIF Contributions	744	1 785
Total	843 283	1 625 971

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
28	EMPLOYEE RELATED COSTS (CONTINUED)		
	<i>Director Technical Services - RN Crozier</i>		
	Annual Remuneration	1 474 927	1 275 210
	Performance Bonus - 2014/15	-	243 377
	Performance Bonus - 2015/16	233 062	-
	Travel Allowance	93 600	93 600
	Telephone allowance	12 000	12 000
	UIF Contributions	1 785	1 785
	Total	1 815 374	1 625 971
	<i>Director Community and Social Services - CNL Gologolo</i>		
	Annual Remuneration	1 317 744	980 026
	Performance Bonus - 2014/15	-	182 864
	Performance Bonus - 2015/16	182 742	-
	Travel Allowance	48 000	48 000
	Telephone allowance	12 000	12 000
	UIF Contributions	1 785	1 785
	Total	1 562 271	1 224 674
	<i>Director Corporate and Support Services - TE Wonga</i>		
	Annual Remuneration	1 310 471	950 425
	Performance Bonus - 2014/15	-	146 945
	Performance Bonus - 2015/16	174 486	-
	Travel Allowance	96 000	96 000
	Telephone allowance	12 000	12 000
	UIF Contributions	1 785	1 785
	Total	1 594 742	1 207 155
	<i>Director Development and Town Planning Services - P Bushula</i>		
	Annual Remuneration	1 511 960	1 208 879
	Performance Bonus - 2014/15	-	214 978
	Performance Bonus - 2015/16	253 576	-
	Telephone allowance	12 000	12 000
	UIF Contributions	1 785	1 785
	Total	1 779 320	1 437 641

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
29	REMUNERATION OF COUNCILLORS		
	Mayor	761 410	782 480
	Speaker	615 469	630 878
	Executive Committee Members	1 679 084	2 024 407
	Councillors	6 991 021	6 878 009
	Other Councillors' contributions and allowances	688 623	748 044
	Total	10 735 607	11 063 818
	In-kind Benefits		
	<p>The 2016 South African municipal elections were held on 3 August 2016 for all district- and local municipalities in all 9 provinces. During this important event a new Council were elected who is guiding the work of local government for the next five years.</p> <p>The Mayor and Speaker are full-time Councillors and each is provided with an office and shared secretarial support at the cost of the Municipality. The Mayor may utilise official Council transportation when engaged in official duties. The packages are set out below:</p>		
	Mayor		
	Annual Remuneration	735 171	758 012
	Telephone allowance	26 239	24 468
	Total	761 410	782 480
	Speaker		
	Annual Remuneration	588 412	564 020
	Telephone allowance	27 058	24 468
	Travel Allowance	-	42 390
	Total	615 469	630 878
	Executive Committee Members		
	Annual Remuneration	1 540 843	1 804 016
	Telephone allowance	132 109	146 808
	Travel Allowance	6 132	73 582
	Total	1 679 084	2 024 407
	Councillors (Section 79)		
	Annual Remuneration	2 091 453	1 466 085
	Telephone allowance	180 732	122 340
	Total	2 272 185	1 588 425
	Councillors (Ordinary)		
	Annual Remuneration	4 899 568	5 411 924
	Telephone allowance	505 876	583 541
	Travel Allowance	2 015	42 163
	Total	5 407 459	6 037 628

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
30	DEBT IMPAIRMENT		
	Receivables from exchange transactions - Note 3	3 589 171	3 552 098
	Receivables from non-exchange transactions - Note 4	1 386 777	1 126 711
	Total Contribution to Debt Impairment Provision	4 975 948	4 678 809
	Movement in VAT included in debt impairment - Note 5	53 006	(437 839)
	Total	5 028 954	4 240 970
	Debt Impairment consists out of the following:		
	Impairment Loss	4 975 948	5 325 998
	Rates	1 294 827	1 213 925
	Traffic Fines	91 950	98 050
	Electricity	1 173 473	2 729 955
	Refuse	2 415 698	1 224 560
	Housing Rentals	-	59 509
	Bad Debts Written off	-	(647 189)
	Rates	-	(185 264)
	Electricity	-	(236 742)
	Refuse	-	(225 183)
	Total	4 975 948	4 678 809
31	DEPRECIATION AND AMORTISATION		
	Property, Plant and Equipment	19 330 456	18 014 821
	Intangible Assets	70 006	67 761
	Capitalised Restoration Cost (PPE)	57 306	71 865
	Total	19 457 768	18 154 447
32	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT		
	Land	108 550	344 000
	Buildings	-	574 281
	Sub-Total	108 550	918 281
	Capitalised Restoration Cost (PPE)	106 619	101 430
	Total	215 169	1 019 712
33	FINANCE CHARGES		
	Annuity Loans	1 112 817	1 116 960
	Rehabilitation Provision - Landfill Sites	301 347	283 284
	Post Retirement Medical Benefits	1 266 405	1 039 397
	Long Service Awards	109 772	87 980
	Overdue Accounts	33 387	2 375
	Total - Restated 2016	2 823 727	2 529 997

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
34	BULK PURCHASES		
	Electricity	27 744 890	23 771 063
	Total	27 744 890	23 771 063
35	CONTRACTED SERVICES		
	Consultants and Professional Services	10 155 372	8 865 801
	Business and Advisory	6 590 535	6 082 625
	Infrastructure and Planning	552 900	838 640
	Legal Cost	2 985 133	1 939 337
	Laboratory Services	26 805	5 200
	Contractors	4 728 304	3 834 847
	Artists and Performers	27 365	7 000
	Electrical	147 068	213 038
	Event Promoters	462 691	460 630
	Fire Services	-	20 325
	Interior Decorator	7 690	29 754
	Maintenance of Buildings and Facilities	845 446	981 690
	Maintenance of Equipment	931 043	789 147
	Maintenance of Unspecified Assets	2 179 476	1 328 302
	Plants, Flowers and Other Decorations	1 250	4 961
	Safeguard and Security	58 104	-
	Transportation	68 170	-
	Outsourced Services	7 547 393	8 479 294
	Burial Services	7 200	6 697
	Catering Services	1 013 013	1 212 009
	Cleaning Services	-	9 844
	Medical Services	76 160	23 862
	Personnel and Labour	5 433 371	6 878 202
	Security Services	1 017 649	348 680
	Total - Restated 2016	22 431 070	21 179 942
36	TRANSFERS AND SUBSIDIES		
	LED Contribution to Community Project	210 000	-
	Total	210 000	-
37	OPERATING LEASES		
	Buildings	93 971	54 956
	Furniture and Office Equipment	-	35 918
	Investment Properties	-	37 472
	Machinery and Equipment	-	174 235
	Total	93 971	302 581

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017	2016
		R	R
38	OPERATIONAL COST		
	Advertising, Publicity and Marketing	1 163 809	1 234 091
	Achievement and Awards	26 575	-
	Assets less than the Capitalisation Threshold	11 545	138 497
	Bank Charges, Facility and Card Fees	323 665	299 154
	Communication	995 314	963 885
	Commission: Prepaid Electricity	288 280	206 562
	Consumables	1 568 936	1 568 705
	Courier and Delivery Services	27 991	29 855
	Deeds	26 092	27 452
	Entertainment	58 751	47 505
	External Audit Fees	2 314 491	2 083 004
	External Computer Service	1 684 106	2 045 441
	Fuel and Oil	2 388 909	2 292 935
	Insurance Underwriting	610 334	506 485
	Learnerships and Internships	77 714	-
	Licences	252 395	336 536
	Maintenance Materials	1 538 611	1 797 461
	Materials and Supplies	-	12 648
	Municipal Services	70 695	81 312
	Printing, Publications and Books	110 882	960 318
	Professional Bodies, Membership and Subscription	2 069 295	628 816
	Registration Fees	1 461 459	1 870 900
	Remuneration to Ward Committees	1 674 965	2 118 000
	Resettlement Cost	6 500	-
	Road Worthy Test	4 011	23 565
	Seating Allowance for Traditional Leaders	246 000	-
	Skills Development Fund Levy	643 487	583 521
	Transport Provided as Part of Departmental Activities	609 770	802 604
	Travel Agency Fees	3 055 471	2 568 927
	Travel and Subsistence	2 512 215	3 005 026
	Uniform and Protective Clothing	383 228	498 325
	Workmen's Compensation Fund	770 354	681 101
	Total - Restated 2016	26 975 849	27 412 632

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

39

REPAIRS AND MAINTENANCE

Repairs and Maintenance is removed as a line item from the Statement of Financial Performance with the implementation of mSCOA as it does not reflect the nature of the expense. It is disclosed in various other expenditure line items as stated below:

The following expenditure relating to Repairs and Maintenance projects were identified by the municipality:

	2017 R	2016 R
Contracted Services	4 171 203	3 538 491
Contractors - Electrical	147 068	213 038
Contractors - Maintenance of Buildings and Facilities	845 446	981 690
Contractors - Maintenance of Equipment	931 043	789 147
Contractors - Maintenance of Unspecified Assets	2 179 476	1 328 302
Contractors - Transportation	68 170	-
Outsourced Services - Personnel and Labour	-	226 314
Operating Leases	-	167 395
Machinery and Equipment	-	167 395
Operational Cost	2 603 033	3 074 218
Assets less than the Capitalisation Threshold	-	12 672
Consumables	182 254	191 298
Fuel and Oil	897 066	1 052 031
Maintenance Materials	1 519 443	1 797 461
Road Worthy Test	4 011	3 639
Travel and Subsistence	259	51
Uniform and Protective Clothing	-	17 065
Total	6 774 236	6 780 104

GRAP 17 require disclosure of repairs and maintenance per asset class:

Buildings and other structures	1 448 590	1 277 751
Tools and equipment	167 566	293 945
Furniture and office equipment	579 921	499 238
Vehicles and Implements	2 422 223	2 404 772
Roads and stormwater	1 197 271	1 336 519
Electricity Reticulation	181 402	278 230
Street Lights	600 262	645 276
Solid Waste Sites	177 002	44 372
Total	6 774 236	6 780 104

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

40	CORRECTION OF ERROR IN TERMS OF GRAP 3	2016 R
	Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.	
40.1	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	
	Balance previously reported	2 075 751
	Correction of interest balance incorrectly included under receivables - Note 40.6	(29 039)
	Restated Balance on 30 June 2016	2 046 711
40.2	OPERATING LEASE ASSETS	
	Balance previously reported	234 247
	Correction on Operating lease assets on 1 July 2015 - Note 40.6	(875)
	Correction on Operating lease assets movement for 2015/2016 - Note 40.9	(307)
	Restated Balance on 30 June 2016	233 064
40.3	INVENTORY	
	Balance previously reported	1 456 056
	Correction on Inventory balance on 1 July 2015 - Note 40.9	66 802
	Restated Balance on 30 June 2016	1 522 858
40.4	PROPERTY PLANT AND EQUIPMENT	
	Balance previously reported	301 976 592
	First time recognition of Property, Plant and Equipment - 1 July 2015 - Note 40.6	13 260
	Effect on Computer Equipment	11 653
	Effect on Furniture & Fittings	1 607
	Backlog Depreciation on 1 July 2015 for Property, Plant and Equipment previously not recognised - Note 40.6	(8 853)
	Effect on Computer Equipment	(7 826)
	Effect on Furniture & Fittings	(1 027)
	Depreciation for 2015/2016 for Property, Plant and Equipment previously not recognised - Note 40.9	(1 106)
	Effect on Computer Equipment	(978)
	Effect on Furniture & Fittings	(128)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

40	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)	2016 R
	Property, Plant and Equipment incorrectly capitalised - 1 July 2015 - Note 40.6	(1 031 107)
	Effect on Computer Equipment	(134 565)
	Effect on Furniture & Fittings	(38 007)
	Effect on Office Equipment	(16 132)
	Effect on Plant & Equipment	(839 808)
	Effect on Security Items	(2 595)
	Effect on Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - 1 July 2015 - Note 40.6	365 362
	Effect on Computer Equipment	112 795
	Effect on Furniture & Fittings	18 655
	Effect on Office Equipment	11 769
	Effect on Plant & Equipment	219 609
	Effect on Security Items	2 534
	Effect on Depreciation for 2015/2016 for Property, Plant and Equipment incorrectly capitalised - Note 40.9	122 235
	Effect on Computer Equipment	11 930
	Effect on Furniture & Fittings	3 706
	Effect on Office Equipment	2 326
	Effect on Plant & Equipment	104 224
	Effect on Security Items	50
	Correction of Community Asset incorrectly capitalised - 1 July 2015 - Note 40.6	(601 377)
	Correction of Work-in-progress amount incorrectly capitalised - 1 July 2015 - Note 40.6	(19 566)
	Effect on Depreciation for 2015/2016 for Infrastructure Assets incorrectly capitalised - Note 40.9	76 352
	Effect on Infrastructure - Roads	68 793
	Effect on Infrastructure - Storm Water	7 559
	Restated Balance on 30 June 2016	300 891 791
40.5	PAYABLES FROM EXCHANGE TRANSACTIONS	
	Balance previously reported	8 323 418
	Derecognise Neighbourhood Development Partnership Grant - 1 July 2015 - Note 40.6	(4 602 000)
	Restated Balance on 30 June 2016	3 721 418
40.6	ACCUMULATED SURPLUS	
	Correction of interest balance incorrectly included under receivables - Note 40.1	(29 039)
	Correction on Operating lease assets on 1 July 2015 - Note 40.2	(875)
	Correction on Inventory balance on 1 July 2015 - Note 40.3	66 802
	First time recognition of Property, Plant and Equipment - 1 July 2015 - Note 40.4	13 260
	Backlog Depreciation on 1 July 2015 for Property, Plant and Equipment previously not recognised - Note 40.4	(8 853)
	Property, Plant and Equipment incorrectly capitalised - 1 July 2015 - Note 40.4	(1 031 107)
	Effect on Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - 1 July 2015 - Note 40.4	365 362
	Correction of Community Asset incorrectly capitalised - 1 July 2015 - Note 40.4	(601 377)
	Correction of Work-in-progress amount incorrectly capitalised - 1 July 2015 - Note 40.4	(19 566)
	Derecognise Neighbourhood Development Partnership Grant - 1 July 2015 - Note 40.5	4 602 000
	Restated Balance on 30 June 2016	3 356 606

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

40	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)	2016 R	
40.9	STATEMENT OF FINANCIAL PERFORMANCE		
	Balance previously reported	69 818 397	
	Correction on Operating lease assets movement for 2015/2016 - Note 40.2	(307)	
	Reclassify expenditure for 2015/2016 to align with mSCOA regulations - Note 38 and Note - 35	-	
	Effect on Operational Cost	(1 199 959)	
	Effect on Contracted Services	1 199 959	
	Depreciation for 2015/2016 for Property, Plant and Equipment previously not recognised - Note 40.4	(1 106)	
	Effect on Depreciation for 2015/2016 for Property, Plant and Equipment incorrectly capitalised - Note 40.4	122 235	
	Effect on Depreciation for 2015/2016 for Infrastructure Assets incorrectly capitalised - Note 40.4	76 352	
	Restated Balance on 30 June 2016	70 015 570	
		2017 R	2016 R
41	NET CASH FROM OPERATING ACTIVITIES		
	Net Surplus for the year	53 811 526	70 015 570
	Adjusted for:		
	Non-Cash Items	23 112 572	19 687 673
	Debt Impairment	5 081 959	3 803 130
	Depreciation and Amortisation	19 457 768	18 154 447
	Impairments	220 169	1 166 062
	Gain on Fair Value Adjustments of Investment Property	(1 679 000)	(5 323 145)
	Actuarial Gains	(1 706 256)	-
	Actuarial Losses	-	186 217
	Finance Charges	1 677 524	1 410 661
	Loss on disposal of PPE	60 408	290 300
	Contributions - Provisions and Employee Benefits	10 344 717	9 198 394
	Post Retirement Medical Benefits	1 541 033	1 126 941
	Long Service Awards	250 459	206 702
	Performance Bonuses	2 243 574	2 522 395
	Bonuses	3 899 211	3 347 493
	Compensation for injuries on duty	770 354	681 101
	Staff Leave	1 640 086	1 313 762
	Expenditure - Provisions and Employee Benefits	(8 589 195)	(6 713 184)
	Post Retirement Medical Benefits	(229 621)	(251 857)
	Long Service Awards	(135 761)	(199 212)
	Performance Bonuses	(1 928 703)	(1 785 048)
	Bonuses	(3 620 388)	(3 126 943)
	Compensation for injuries on duty	(1 468 687)	-
	Staff Leave	(1 206 036)	(1 350 124)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	2017 R	2016 R
41 NET CASH FROM OPERATING ACTIVITIES		
Other adjustments	(4 782)	(610 278)
Bad Debts Written Off	-	(647 189)
Movement on Operating Lease Asset	(1 998)	37 472
Movement on Operating Lease Liability	(2 784)	(561)
Operating Surplus before changes in working capital	78 674 839	91 578 175
Movement in working capital	(3 865 926)	(14 784 522)
Receivables from exchange and non-exchange transactions	(5 852 572)	(4 989 627)
Inventory	704 699	(182 423)
Payables from exchange transactions	3 816 170	1 391 134
Payables from non-exchange transactions	544 166	(5 617 435)
Taxes	(3 078 388)	(5 386 171)
Cash Flow from Operating Activities	74 808 912	76 793 653

42 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	3 804 700	902 121
Call and short-term Investments Deposits	249 363 930	220 014 648
Cash Floats	700	700
Total	253 169 330	220 917 468

Refer to note 2 for more details relating to cash and cash equivalents.

43 BUDGET COMPARISONS

43.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

Statement of financial position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Payables from non-exchange transactions (Unspent grants) and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

43 BUDGET COMPARISONS (CONTINUED)

Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and Donations, Actuarial Gains, Insurance Receipts, Gain on Fair Value Adjustments of Investment Property, Sales of Goods and Rendering of Services and Operational Revenue.

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Actuarial Losses, Operating Leases and Operational Cost.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

43.2 MATERIAL VARIANCES

Refer to the Statements of comparison of budget and actual amounts in pages 8 to 13 of this document.

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

44.1 UNAUTHORISED EXPENDITURE

No over-expenditure on votes for the two reporting periods in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

44

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2017 (Actual) R	2017 (Final Budget) R	2017 (Unauthorised) R
Unauthorised expenditure - Operating			
Executive & Council	25 117 317	29 010 802	-
Planning & Development	15 135 460	16 505 722	-
Corporate Services	25 371 094	32 729 331	-
Public Safety	7 373 295	10 172 694	-
Budget & Treasury	23 237 364	23 796 336	-
Road Transport	22 685 981	23 640 681	-
Environmental protection	-	170 587	-
Waste Water Management	2 369 966	2 466 222	-
Electricity	40 439 430	42 624 702	-
Community & Social Services	7 853 116	7 884 936	-
Sport & Recreation	1 420 287	1 470 388	-
Waste Management	16 745 824	17 498 448	-
Other	-	1 627 927	-
Total	187 749 135	209 598 776	-
Unauthorised expenditure - Capital			
Executive & Council	95 353	413 000	-
Planning & Development	1 420 152	2 219 977	-
Corporate Services	2 185 432	3 195 000	-
Housing	-	-	-
Budget & Treasury	1 352 420	1 495 000	-
Road Transport	20 714 396	22 157 047	-
Electricity	7 186 955	7 189 505	-
Community & Social Services	483 525.92	4 120 841	-
Public Safety	131 325	905 000	-
Sport & Recreation	8 154 785	9 759 029	-
Waste Management	346 611	1 877 601	-
Total	42 070 955	53 332 000	-

44.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

Opening balance	1 000 716	998 341
Fruitless and wasteful expenditure incurred	33 387	2 375
Approved by Council	(1 000 716)	-
Fruitless and wasteful expenditure awaiting approval	33 387	1 000 716

Details of Fruitless and wasteful expenditure incurred :

Interest paid to Eskom	32 894	-
Interest paid to Telkom	3	2 375
Interest paid to Prodiba	491	-
Total	33 387	2 375

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
44	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)		
	44.3 IRREGULAR EXPENDITURE		
	Irregular expenditure consist out of the following:		
	Opening balance	1 469 959	667 329
	Irregular expenditure incurred	73 592	802 630
	Approved by Council	(1 469 959)	-
	Irregular expenditure awaiting approval	73 592	1 469 959
	Details of Irregular expenditure incurred :		
	Deviations from Supply Chain Regulations - Sect 44 - Awards to persons in service of state.	-	310 238
	Deviations from Supply Chain Regulations and Service Level Agreement - Disiplinary processes have been initiated.	-	269 659
	Deviations from Supply Chain Regulations and Policies - Disiplinary processes have been initiated	73 592	222 733
	Total	73 592	802 630
	The classification, validation and recoverability of all irregular expenditure will be determined by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.		
	44.4 MATERIAL LOSSES		
	Electricity distribution losses		
	- Units purchased (Kwh)	26 469 634	26 290 650
	- Units sold (Kwh)	21 747 466	21 883 894
	- Units lost during distribution (Kwh)	4 722 168	4 406 756
	- Units cost (Kwh)	0.9522	0.8803
	- Percentage lost during distribution	17.84%	16.76%
	- Units lost considered material losses above a 10% norm	2 075 205	1 777 691
	- Cost of units lost considered as material losses	1 976 093	1 564 831
		2017 R	2016 R
45	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
	45.1 Salga Contributions [MFMA 125 (1)(b)]		
	Opening balance	-	-
	Expenditure incurred	874 347	604 390
	Payments	(874 347)	(604 390)
	Outstanding Balance	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	2017 R	2016 R
45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)		
45.2 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	-	-
Expenditure incurred	2 314 491	2 076 432
External Audit - Auditor-General	2 314 491	2 076 432
Payments	(2 314 491)	(2 076 432)
Outstanding Balance	-	-
45.3 VAT [MFMA 125 (1)(c)]		
Opening balance	7 700 551	6 433 144
Amounts received - previous year	(771 292)	(459 307)
Amounts received - current year	(3 084 689)	(5 328 923)
Amounts claimed - current year (payable)	6 433 267	7 055 637
Vat Receivable	10 277 836	7 700 551
Vat in suspense due to cash basis of accounting	(2 379 065)	(2 431 794)
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
45.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
Payments due to SARS	13 143 650	11 169 744
Payments	(13 143 650)	(11 169 744)
Outstanding Balance	-	-
45.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]		
Payments due to pension fund and medical aid	10 532 108	8 739 956
Payments	(10 532 108)	(8 739 956)
Outstanding Balance	-	-
45.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]		
No Councillor had any arrear account outstanding for more than 90 days during the year or at year end (Same applies to previous financial year).		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	2017 R	2016 R
45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)		

45.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

During the year under review the municipality procured goods and services in accordance with the requirements of the supply chain management policy and all deviations from the policy and its related regulations were noted, approved by the Municipal Manager.

According to Section 29 of the MFMA the Mayor of a municipality may in emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in an approved budget. During the financial year two such incidents were identified:

Deviations from the Supply Chain Management Regulations per Supplier:

Supplier	Emergency R	Total R
Cohen Advanced Electrical	58 165	58 165
Masakhane Sales & Services	63 800	63 800
Total	121 965	121 965

45.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

No non-compliance in terms of Regulation 9(1) of the Preferential Procurement Regulations were identified. This Regulation relates to the awarding of bids with reference to local production and content.

45.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45)

<u>Staff Member</u>	<u>Entity</u>		
M A Theron	Lady Grey Joinery and Construction (Spouse is Director)	144 718	2 603 339
M A Theron	Copper Leaf Trading CC (Spouse is Director)	199 888	171 646
D Oertel	First Wave (Son-in law is Director)	428 042	449 605
N Methola	Azondwa General Trading (Mother is Owner)	-	5 000
P Mpambane	Pride Serve Trading Enterprise (Spouse is Owner)	-	3 780
Total		772 648	3 233 370

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
46	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	33 051 516	6 736 887
	Land & Buildings	96 833	28 259
	Infrastructure	27 355 689	2 896 305
	Community	5 598 995	3 812 323
	Total	33 051 516	6 736 887
	This expenditure will be financed from:		
	Capital Replacement Reserve	3 673 533	477 156
	Government Grants - MIG	29 377 984	6 259 730
	Total	33 051 516	6 736 887

47 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

47.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	253 169 330	220 917 468
Receivables from exchange transactions	10 527 644	10 447 090
Total	263 696 974	231 364 558

Cash and Cash Equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

47	FINANCIAL RISK MANAGEMENT (CONTINUED)	2017 R	2016 R
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Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

	2017 R	2016 R
Electricity	2 077 362	1 866 778
Refuse	116 526	266 202
Other Services	154 380	180 004
Total	2 348 268	2 132 980

47.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign

The financial instruments of the municipality is not directly exposed to any currency risk.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

47	FINANCIAL RISK MANAGEMENT (CONTINUED)	2017 R	2016 R
	47.3 Interest rate risk (Market Risk)		
	Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.		
	The following balances are exposed to interest rate fluctuations:		
	Cash and Cash Equivalents (Excluding Cash on Hand)	253 168 630	220 916 768
	Borrowings (Including Current Portion)	(12 027 754)	(12 842 661)
	Net balance exposed	241 140 876	208 074 107

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the financial statements.

Potential effect of changes in interest rates on surplus and deficit for the year:

1% (2016 - 1%) increase in interest rates	2 411 409	2 080 741
0% (2016 - 0%) decrease in interest rates	-	-

South Africa is currently in an upward interest rate cycle and management does not foresee a decrease in the next 12 months.

47.4 Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

30 JUNE 2017

	Within 1 Year	PAYABLE Two to five years	After five years
Annuity Loans	1 805 545	6 385 819	10 261 895
Rehabilitation Provision	923 043	-	23 724 417
Payables from exchange transactions	7 179 662	-	-
Total	9 908 250	6 385 819	33 986 311

30 JUNE 2016

	Within 1 Year	PAYABLE Two to five years	After five years
Annuity Loans	1 861 350	6 588 267	11 782 431
Rehabilitation Provision	872 101	-	20 642 208
Payables from exchange transactions	2 778 643	-	-
Total	5 512 095	6 588 267	32 424 639

Although the rehabilitation provision is not defined as a financial instrument (due to the absence of a contracted counterparty for the balance), the potential outflow of cash resulting from these balances are included for the benefit of the user of the financial statements.

47.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The municipality is not exposed to any other price risk.

48 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

Financial Assets

Cash and Cash Equivalents	253 169 330	220 917 468
Receivables from exchange transactions	10 169 718	9 504 315
Total	263 339 049	230 421 783

Financial Liabilities

Current Portion of Borrowings	827 098	814 516
Payables from exchange transactions	7 179 662	2 778 643
Borrowings	11 200 656	12 028 145
Total	19 207 416	15 621 304

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017 R	2016 R
49	STATUTORY RECEIVABLES		
	In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
	Receivables from Non-Exchange Transactions		
	Rates	9 674 478	8 353 021
	Fines	529 800	437 850
	Total	10 204 278	8 790 871

Refer to note 4 for more detail relating to the fines and rates receivables, including any provision for impairment raised against the gross amounts disclosed above

50 EVENTS AFTER REPORTING DATE

Implementation of mSCOA regulation:

The Municipal Regulations on Standard Chart of Accounts promulgated in terms of Government Gazette 37577 dated 22 April 2014 apply to all municipalities and municipal entities and became effect as from 1 July 2017.

The main objective of this Regulations is to provide for a national standard in respect of uniform recording and classification of municipal budget and financial information at a transaction level by prescribing a standard chart of accounts for municipalities and municipal entities which-

- (a) are aligned to the budget formats and accounting standards prescribed for municipalities and municipal entities and with the standard charts of accounts for national and provincial government; and
- (b) enable uniform information sets recorded in terms of national norms and standards across the whole of government for the purposes of national policy coordination and reporting, benchmarking and performance measurement in the local government sphere.

The impact of this mSCOA regulations definitely affected the municipality's current business processes; transacting and reporting requirements.

Traffic Department:

During August 2017 a burglary incident occurred at the Barkly East Traffic Department. A case was opened which is still being investigated.

51 IN-KIND DONATIONS AND ASSISTANCE

None

52 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The municipality did not enter into eny PPP's in the current and prior year.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

53	CONTINGENT LIABILITIES	2017 R	2016 R
	The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
	53.01 <u>Landfill Sites</u>		
	The municipality does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.	-	-
	53.02 <u>Hawks matter</u>		
	Currently a Pending Investigation from the HAWKS is on-going, a case has been opened and employees has been charged.	-	-
	53.03 <u>Ex-gratia payment</u>		
	Upon termination of MM and 2 other Section 56 Managers contracts, an ex-gratia amount of 1.25 x the employees' gross annual salary will be paid to these employees.	8 180 640	7 356 623
	53.04 <u>Land Invasion</u>		
	The municipality is currently engaged in litigation in respect of various land invasion cases in the Senqu Municipal Area.	-	-
	53.05 <u>Moeletsi, Ngogodo & April defamation claims</u>		
	The Councillors have each instituted separate legal proceedings against the Municipality, together with the Mayor, for defamation in respect of an article that appeared in the Eagle Eye Newspaper in August 2013.	300 000	300 000
	53.06 <u>Languza matter - unfair dismissal</u>		
	While the matter was finalised at the Labour Court, the employee may seek to institute a civil claim for the damages suffered as a result of the loss of income in the period under review. This is an anticipated amount excluding legal costs.	700 000	-
	53.07 <u>Travel and Subsistence claim</u>		
	Councillor Tindleni has put in a claim against the municipality for Travel and Subsistence money not yet paid out.	60 000.00	60 000.00
	53.08 <u>MTN Dispute</u>		
	The Municipality defended a claim of R 779 411.47 by MTN after the Municipality's contract with MTN was renewed without approval by the Municipality and subsequent to the contract being set aside by the High Court. The Municipality advised the MTN lawyers that it will defend the claim. The matter is dormant but the liability remains.	207 632.04	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

		2017	2016
		R	R

53 CONTINGENT LIABILITIES

53.09 Councillors Pension Fund

There is a disputed claim by the Municipal Councillors Pension Fund for the pension fund contributions of councillors who resigned from the fund during or about 2011. The extent of the liability cannot be quantified at this stage.

- -

53.10 Councillor mortification claim

During August 2016 a former Councillor of Senqu municipality has put in a claim against the municipality for mortification.

100 000 -

54 RELATED PARTIES

Related parties are defined in note 1.34

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 28 and 29

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

	Rates - Levied 1 Jul 16 - 30 Jun 17	Service Charges - Levied 1 Jul 16 - 30 Jun 17
Year ended 30 JUNE 2017		
Councillors	3 335	32 217
N.P Mposelwa	517	1 640
M.N Mgojo	480	8 391
PM Mnisi	-	15 703
MA Mshasha	2 339	1 629
M Mfisa	-	4 855
Municipal Manager and Section 56 Employees	6 420	31 420
MM Yawa	-	8 331
R Crozier	5 078	18 818
CNL Gologolo	1 342	4 271

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

55 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
Financial Performance						
Property rates	7 267 486	-	7 267 486	5 192 247	(2 075 240)	4 654 049
Service charges	34 472 344	(120 976)	34 351 368	33 678 106	(673 262)	30 896 123
Investment revenue	11 390 000	3 100 000	14 490 000	20 926 800	6 436 800	16 407 296
Transfers recognised - operational	134 124 000	300 000	134 424 000	140 468 439	6 044 439	149 152 333
Other own revenue	6 231 000	(2 543 555)	3 687 445	7 611 508	3 924 063	9 420 887
Total Operating Revenue	193 484 830	735 469	194 220 300	207 877 100	13 656 801	210 530 688
Employee costs	74 259 823	(599 391)	73 660 432	71 966 723	(1 693 709)	62 172 869
Remuneration of councillors	12 549 764	(0)	12 549 764	10 735 607	(1 814 157)	11 063 818
Debt impairment	4 666 703	(10 123)	4 656 580	5 028 954	372 374	4 240 970
Depreciation & asset impairment	19 065 623	585 915	19 651 538	19 677 937	26 399	18 154 447
Finance charges	1 149 410	1 593 601	2 743 011	2 823 727	80 716	2 529 997
Materials and bulk purchases	33 133 381	65 033	33 198 414	27 744 890	(5 453 524)	23 771 063
Contracted services	-	-	-	22 431 070	22 431 070	21 179 942
Transfers and grants	-	-	-	210 000	210 000	-
Other expenditure	38 602 307	72 626	38 674 932	27 069 820	(11 605 113)	29 067 492
Loss on disposal of PPE	-	-	-	60 408	60 408	290 300
Total Expenditure	183 427 011	1 707 661	185 134 671	187 749 135	2 554 056	172 470 898
Surplus/(Deficit)	10 057 820	(972 191)	9 085 628	20 127 965	11 102 745	38 059 791
Transfers recognised - capital	45 728 000	(6 000 000)	39 728 000	33 683 561	(6 044 439)	31 955 780
Surplus/(Deficit) for the year	55 785 820	(6 972 191)	48 813 628	53 811 526	5 058 306	70 015 570

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

55 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
Capital expenditure & funds sources						
Capital expenditure	75 578 000	(22 246 000)	53 332 000	42 070 955	(11 261 045)	38 884 674
Transfers recognised - capital	35 398 900	(6 000 000)	29 398 900	33 683 561	4 284 661	31 955 780
Internally generated funds	40 179 100	(16 246 000)	23 933 100	8 387 394	(15 545 706)	6 928 895
Total sources of capital funds	75 578 000	(22 246 000)	53 332 000	42 070 955	(11 261 045)	38 884 674
Cash flows						
Net cash from (used) operating	53 054 282	(9 863 263)	43 191 019	74 808 912	31 617 893	76 793 653
Net cash from (used) investing	(75 578 000)	22 246 000	(53 332 000)	(41 833 043)	11 498 957	(38 636 364)
Net cash from (used) financing	(718 329)	(29 109)	(747 437)	(724 007)	23 431	(699 662)
Net Cash Movement for the year	(23 242 046)	12 353 628	(10 888 418)	32 251 863	43 140 281	37 457 627
Cash/cash equivalents at beginning of year	151 369 156	69 548 313	220 917 468	220 917 468	-	183 459 842
Cash/cash equivalents at the year end	128 127 110	81 901 940	210 029 050	253 169 331	43 140 281	220 917 469

Refer to Appendix F for more detail relating to the National Treasury Appropriation Statements

SENQU LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2017

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2016 R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2017 R
<u>ANNUITY LOANS</u>						
DBSA loan	103126/1	Floating	2029	8 530 112	631 860	7 898 252
DBSA loan	103126/2	Fixed	2030	4 312 549	183 047	4 129 502
Total Annuity Loans				8 530 112	631 860	7 898 252
Total Borrowings				8 530 112	631 860	7 898 252

SENQU LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2017

	Cost/Revaluation					Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions (Includes WIP) R	Total Revaluation R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals/ Revaluation R	Closing Balance R	
Executive & Council	4 585 278	95 353		(15 220)	4 665 411	2 000 136	750 709	(6 378)	2 744 466	1 920 944
Planning & Development	2 570 742	1 420 152		(8 665)	3 982 230	1 127 685	529 238	(4 886)	1 652 037	2 330 193
Corporate Services	103 984 366	2 185 432	7 554 511	(3 835)	113 720 474	1 894 427	1 069 300	(3 827)	2 959 900	110 760 574
Budget & Treasury	7 322 945	1 352 420		(522 375)	8 152 990	3 844 888	888 556	(464 486)	4 268 958	3 884 032
Road Transport	224 066 692	20 714 396		(720 538)	244 060 551	78 275 250	12 566 964	(537 745)	90 304 469	153 756 082
Electricity	20 097 681	7 186 955		(84 481)	27 200 155	4 488 460	1 173 062	(46 831)	5 614 691	21 585 464
Community & Social Services	27 989 200	483 526	127 433	(11 036)	28 589 123	1 737 210	1 317 366	(7 393)	3 047 184	25 541 940
Public Safety	1 240 332	131 325		(8 595)	1 363 062	253 556	109 054	(6 939)	355 672	1 007 390
Sport & Recreation	18 468 355	8 154 785		-	26 623 140	292 736	-	1	292 737	26 330 403
Waste Management	11 777 414	346 611		(14 987)	12 109 038	3 791 135	996 212	(12 926)	4 774 421	7 334 617
Total	422 103 007	42 070 955	7 681 944	(1 389 732)	470 466 173	97 705 483	19 400 462	(1 091 410)	116 014 535	354 451 639

SENQU LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2017

VOTE	30 JUNE 2017			30 JUNE 2016		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
Executive & Council	6 484 849	25 117 317	(18 632 468)	7 212 000	23 517 673	(16 305 673)
Planning & Development	1 890 612	15 135 460	(13 244 849)	3 062 447	14 536 845	(11 474 398)
Corporate Services	2 241 659	25 371 094	(23 129 436)	5 555 853	22 357 104	(16 801 252)
Housing	-	-	-	-	-	-
Public Safety	551 925	7 373 295	(6 821 370)	782 607	7 405 328	(6 622 721)
Budget & Treasury	99 717 953	23 237 364	76 480 589	99 138 760	22 863 456	76 275 304
Road Transport	39 224 034	22 685 981	16 538 053	24 030 261	21 179 438	2 850 824
Waste Water Management	-	2 369 966	(2 369 966)	-	2 272 426	(2 272 426)
Electricity	59 123 247	40 439 430	18 683 817	56 893 894	36 396 930	20 496 964
Community & Social Services	1 587 987	7 853 116	(6 265 129)	13 782 998	6 445 192	7 337 805
Sport & Recreation	2 233	1 420 287	(1 418 054)	2 362 381	1 036 361	1 326 020
Waste Management	30 736 163	16 745 824	13 990 338	29 665 265	14 460 145	15 205 120
Total	241 560 661	187 749 135	53 811 526	242 486 465	172 470 898	70 015 567

SENQU LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2017

Refer to Note 44.1 for disclosure of Unauthorised expenditure

	ACTUAL R	BUDGET R	VARIANCE R
OPERATING EXPENDITURE			
Executive & Council	25 117 317	29 010 802	(3 893 485)
Planning & Development	15 135 460	16 505 722	(1 370 262)
Corporate Services	25 371 094	32 729 331	(7 358 237)
Public Safety	7 373 295	10 172 694	(2 799 399)
Budget & Treasury	23 237 364	23 796 336	(558 972)
Road Transport	22 685 981	23 640 681	(954 700)
Waste Water Management	2 369 966	2 466 222	(96 256)
Electricity	40 439 430	42 624 702	(2 185 272)
Community & Social Services	7 853 116	7 884 936	(31 820)
Sport & Recreation	1 420 287	1 470 388	(50 101)
Waste Management	16 745 824	17 498 448	(752 624)
Other	-	1 627 927	(1 627 927)
Total	187 749 135	207 800 262	(20 051 127)
CAPITAL EXPENDITURE			
Executive & Council	95 353	413 000	(317 647)
Planning & Development	1 420 152	2 219 977	(799 825)
Corporate Services	2 185 432	3 195 000	(1 009 568)
Budget & Treasury	1 352 420	1 495 000	(142 580)
Road Transport	20 714 396	22 157 047	(1 442 651)
Electricity	7 186 955	7 189 505	(2 550)
Community & Social Services	483 526	4 120 841	(3 637 315)
Public Safety	131 325	905 000	(773 675)
Sport & Recreation	8 154 785	9 759 029	(1 604 244)
Waste Management	346 611	1 877 601	(1 530 990)
Total	42 070 955	53 332 000	(11 261 045)

SENQU LOCAL MUNICIPALITY

APPENDIX E (UNAUDITED)

DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2017

	OPENING BALANCE	GRANTS RECEIVED	INTEREST ON INVESTMENTS	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	CLOSING BALANCE
	R	R	R	R	R	R
NATIONAL GOVERNMENT						
Equitable Share	-	129 802 000	-	129 802 000	-	-
Municipal Finance Management	-	1 625 000	-	1 625 000	-	-
Municipal Infrastructure Grant	-	36 728 000	-	6 044 439	30 683 561	-
NDPG (Neighbourhood Development Partnership Grant)	2 010 056	-	-	-	-	2 010 056
Integrated National Electrification Grant	-	3 000 000	-	-	3 000 000	-
EPWP (Expanded Public Works Program)	-	1 497 000	-	1 497 000	-	-
Total	2 010 056	172 652 000	-	138 968 439	33 683 561	2 010 056
PROVINCIAL GOVERNMENT						
Prov Gov - Housing (Hillside)	232 652	-	-	-	-	232 652
Herschel People's Housing	8 901 583	-	544 166	-	-	9 445 749
Alien Vegetation Eradication	-	-	-	-	-	-
Libraries	-	1 500 000	-	1 500 000	-	-
Total	9 134 236	1 500 000	544 166	1 500 000	-	9 678 402
ALL SPHERES GOVERNMENT	11 144 292	174 152 000	544 166	140 468 439	33 683 561	11 688 458

SENQU LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
REVENUE						
Governance and administration	101 236 886	2 034 446	103 271 332	108 444 460	5 173 128	111 906 613
Executive and council	6 458 000	-	6 458 000	6 484 849	26 849	7 212 000
Budget and treasury office	94 778 886	1 626 001	96 404 887	99 717 953	3 313 066	99 138 760
Corporate services	-	408 445	408 445	2 241 659	1 833 214	5 555 853
Community and public safety	1 352 000	750 000	2 102 000	2 142 145	40 145	16 927 985
Community and social services	1 285 000	310 000	1 595 000	1 587 987	(7 013)	13 782 998
Sport and recreation	-	-	-	2 233	2 233	2 362 381
Public safety	67 000	440 000	507 000	551 925	44 925	782 607
Housing	-	-	-	-	-	-
Economic and environmental services	48 480 000	(7 661 000)	40 819 000	41 114 646	295 646	27 092 708
Planning and development	1 866 400	4 000	1 870 400	1 890 612	20 212	3 062 447
Road transport	46 613 600	(7 665 000)	38 948 600	39 224 034	275 434	24 030 261
Trading services	88 143 944	(387 976)	87 755 968	89 859 410	2 103 442	86 559 159
Electricity	59 725 276	6 024	59 731 300	59 123 247	(608 053)	56 893 894
Waste management	28 418 668	(394 000)	28 024 668	30 736 163	2 711 495	29 665 265
Total Revenue - Standard	239 212 830	(5 264 530)	233 948 300	241 560 661	7 612 361	242 486 465

SENQU LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
EXPENDITURE						
Governance and administration	82 242 083	3 294 386	85 536 469	73 725 775	(11 810 694)	68 738 233
Executive and council	29 166 238	(155 436)	29 010 802	25 117 317	(3 893 485)	23 517 673
Budget and treasury office	23 549 278	247 058	23 796 336	23 237 364	(558 972)	22 863 456
Corporate services	29 526 567	3 202 764	32 729 331	25 371 094	(7 358 237)	22 357 104
Community and public safety	12 923 093	6 604 925	19 528 018	16 646 698	(2 881 320)	14 886 881
Community and social services	7 949 122	(64 186)	7 884 936	7 853 116	(31 820)	6 445 192
Sport and recreation	1 105 086	365 302	1 470 388	1 420 287	(50 101)	1 036 361
Public safety	3 868 886	6 303 808	10 172 694	7 373 295	(2 799 399)	7 405 328
Housing	-	-	-	-	-	-
Economic and environmental services	40 775 409	(458 419)	40 316 990	37 821 441	(2 495 549)	35 716 282
Planning and development	16 641 555	(135 833)	16 505 722	15 135 460	(1 370 262)	14 536 845
Road transport	23 980 142	(339 461)	23 640 681	22 685 981	(954 700)	21 179 438
Environmental protection	153 712	16 875	170 587	-	(170 587)	-
Trading services	68 419 298	(5 829 926)	62 589 372	59 555 221	(3 034 152)	53 129 501
Electricity	40 617 263	2 007 439	42 624 702	40 439 430	(2 185 272)	36 396 930
Waste water management	2 865 706	(399 484)	2 466 222	2 369 966	(96 256)	2 272 426
Waste management	24 936 330	(7 437 882)	17 498 448	16 745 824	(752 624)	14 460 145
Other	1 706 259	(78 332)	1 627 927	-	(1 627 927)	-
Total Expenditure - Standard	206 066 141	3 532 635	209 598 776	187 749 135	(21 849 641)	172 470 898
Surplus/(Deficit) for the year	33 146 689	(8 797 166)	24 349 524	53 811 526	29 462 002	70 015 567

SENQU LOCAL MUNICIPALITY

APPENDIX F (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
REVENUE						
Executive & Council	6 458 000	-	6 458 000	6 484 849	26 849	7 212 000
Planning & Development	1 866 400	4 000	1 870 400	1 890 612	20 212	3 062 447
Corporate Services	-	408 445	408 445	2 241 659	1 833 214	5 555 853
Housing	-	-	-	-	-	-
Public Safety	67 000	440 000	507 000	551 925	44 925	782 607
Budget & Treasury	94 778 886	1 626 001	96 404 887	99 717 953	3 313 066	99 138 760
Road Transport	46 613 600	(7 665 000)	38 948 600	39 224 034	275 434	24 030 261
Electricity	59 725 276	6 024	59 731 300	59 123 247	(608 053)	56 893 894
Community & Social Services	1 285 000	310 000	1 595 000	1 587 987	(7 013)	13 782 998
Sport & Recreation	-	-	-	2 233	2 233	2 362 381
Waste Management	28 418 668	(394 000)	28 024 668	30 736 163	2 711 495	29 665 265
Total Revenue by Vote	239 212 830	(5 264 530)	233 948 300	241 560 661	7 612 361	242 486 465

SENQU LOCAL MUNICIPALITY

APPENDIX F (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
EXPENDITURE						
Executive & Council	29 166 238	(155 436)	29 010 802	25 117 317	(3 893 485)	23 517 673
Planning & Development	16 641 555	(135 833)	16 505 722	15 135 460	(1 370 262)	14 536 845
Corporate Services	29 526 567	3 202 764	32 729 331	25 371 094	(7 358 237)	22 357 104
Housing	-	-	-	-	-	-
Public Safety	3 868 886	6 303 808	10 172 694	7 373 295	(2 799 399)	7 405 328
Budget & Treasury	23 549 278	247 058	23 796 336	23 237 364	(558 972)	22 863 456
Road Transport	23 980 142	(339 461)	23 640 681	22 685 981	(954 700)	21 179 438
Environmental protection	153 712	16 875	170 587	-	(170 587)	-
Waste Water Management	2 865 706	(399 484)	2 466 222	2 369 966	(96 256)	2 272 426
Electricity	40 617 263	2 007 439	42 624 702	40 439 430	(2 185 272)	36 396 930
Community & Social Services	7 949 122	(64 186)	7 884 936	7 853 116	(31 820)	6 445 192
Sport & Recreation	1 105 086	365 302	1 470 388	1 420 287	(50 101)	1 036 361
Waste Management	24 936 330	(7 437 882)	17 498 448	16 745 824	(752 624)	14 460 145
Other	1 706 259	(78 332)	1 627 927	-	(1 627 927)	-
Total Expenditure by Vote	206 066 141	3 532 635	209 598 776	187 749 135	(21 849 641)	172 470 898
Surplus/(Deficit) for the year	33 146 689	(8 797 166)	24 349 524	53 811 526	29 462 002	70 015 567

SENQU LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
REVENUE BY SOURCE						
Property rates	7 267 486	-	7 267 486	5 192 247	(2 075 240)	4 654 049
Service charges	34 472 344	(120 976)	34 351 368	33 678 106	(673 262)	30 896 123
Rental of facilities and equipment	412 000	(7 000)	405 000	503 341	98 341	756 417
Interest earned - external investments	10 000 000	3 000 000	13 000 000	18 020 973	5 020 973	13 913 370
Interest earned - outstanding debtors	1 390 000	100 000	1 490 000	2 905 827	1 415 827	2 493 926
Fines	417 000	(25 000)	392 000	158 694	(233 306)	323 933
Licences and permits	2 905 000	(1 460 000)	1 445 000	1 130 884	(314 116)	1 085 309
Agency services	1 300 000	(550 000)	750 000	1 137 797	387 797	1 080 331
Transfers recognised - operational	134 124 000	300 000	134 424 000	140 468 439	6 044 439	149 152 333
Other revenue	1 197 000	(501 555)	695 445	4 680 793	3 985 347	6 174 896
Total Revenue (excluding capital transfers and contributions)	193 484 830	735 469	194 220 300	207 877 100	13 656 801	210 530 688

SENQU LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
EXPENDITURE BY TYPE						
Employee related costs	74 259 823	(599 391)	73 660 432	71 966 723	(1 693 709)	62 172 869
Remuneration of councillors	12 549 764	(0)	12 549 764	10 735 607	(1 814 157)	11 063 818
Debt impairment	4 666 703	(10 123)	4 656 580	5 028 954	372 374	4 240 970
Depreciation & asset impairment	19 065 623	585 915	19 651 538	19 677 937	26 399	18 154 447
Finance charges	1 149 410	1 593 601	2 743 011	2 823 727	80 716	2 529 997
Bulk purchases	33 133 381	65 033	33 198 414	27 744 890	(5 453 524)	23 771 063
Other materials	-	-	-	-	-	-
Contracted services	22 639 130	1 824 975	24 464 105	22 431 070	(2 033 035)	21 179 942
Transfers and grants	-	-	-	210 000	210 000	-
Other expenditure	38 602 307	72 626	38 674 932	27 069 820	(11 605 113)	29 067 495
Loss on disposal of PPE	-	-	-	60 408	60 408	290 300
Total Expenditure	206 066 141	3 532 635	209 598 776	187 749 135	(21 849 641)	172 470 901
Surplus/(Deficit)	(12 581 311)	(2 797 166)	(15 378 477)	20 127 965	35 506 442	38 059 788
Transfers recognised - capital	45 728 000	(6 000 000)	39 728 000	33 683 561	(6 044 439)	31 955 780
Contributions Recognised - Capital	-	-	-	-	-	-
Surplus/(Deficit) for the year	33 146 689	(8 797 166)	24 349 523	53 811 526	29 462 002	70 015 567

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
CAPITAL EXPENDITURE (VOTE)						
Multi-year expenditure						
Corporate Services	11 200 000	(8 950 000)	2 250 000	-	(2 250 000)	
Road Transport	22 278 000	(3 064 151)	19 213 849	12 644 774	(6 569 075)	4 562 525
Community and Social Services	-	250 000	250 000	45 060	(204 940)	4 910 712
Sport and Recreation	7 000 000	1 509 029	8 509 029	6 941 820	(1 567 210)	
Public Safety	-	378 000	378 000	-	(378 000)	
Electricity	2 800 000	227 849	3 027 849	3 884 152	856 303	2 274 286
Waste Management	1 620 000	(1 001 600)	618 400	340 295	(278 105)	501 536
Total Multi-year expenditure	44 898 000	(10 650 872)	34 247 128	23 856 100	(10 391 028)	12 249 059
Single-year expenditure						
Executive and Council	413 000	-	413 000	95 353	(317 647)	212 931
Planning & Development	1 260 000	959 977	2 219 977	1 420 152	(799 825)	86 377
Corporate Services	1 695 000	(750 000)	945 000	2 185 432	1 240 432	1 022 145
Budget and Treasury Office	1 655 000	(160 000)	1 495 000	1 352 420	(142 580)	519 426
Road Transport	11 895 000	(8 951 802)	2 943 198	8 069 622	5 126 424	13 910 150
Housing	-	-	-	-	-	-
Community and Social Services	4 100 000	(229 159)	3 870 841	438 466	(3 432 374)	8 895 449
Sport and Recreation	1 080 000	170 000	1 250 000	1 212 966	(37 034)	-
Public Safety	1 800 000	(1 273 000)	527 000	131 325	(395 675)	19 982
Electricity	3 962 000	199 656	4 161 656	3 302 803	(858 853)	942 136
Waste Management	2 820 000	(1 560 800)	1 259 200	6 316	(1 252 884)	941 979
Total Single-year expenditure	30 680 000	(11 595 128)	19 084 872	18 214 855	(870 017)	26 550 576
Total Capital Expenditure by Vote	75 578 000	(22 246 000)	53 332 000	42 070 955	(11 261 045)	38 799 635

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration	14 963 000	(9 860 000)	5 103 000	3 633 205	(1 469 795)	1 754 502
Executive and council	413 000	-	413 000	95 353	(317 647)	212 931
Budget and treasury office	1 655 000	(160 000)	1 495 000	1 352 420	(142 580)	519 426
Corporate services	12 895 000	(9 700 000)	3 195 000	2 185 432	(1 009 568)	1 022 145
Community and public safety	13 980 000	804 870	14 784 870	8 769 636	(6 015 234)	13 826 144
Community and social services	4 100 000	20 841	4 120 841	483 526	(3 637 315)	13 806 162
Sport and recreation	8 080 000	1 679 029	9 759 029	8 154 785	(1 604 244)	-
Public safety	1 800 000	(895 000)	905 000	131 325	(773 675)	19 982
Housing	-	-	-	-	-	-
Economic and environmental services	35 433 000	(11 055 976)	24 377 024	22 134 549	(2 242 476)	18 559 052
Planning and development	1 260 000	959 977	2 219 977	1 420 152	(799 825)	86 377
Road transport	34 173 000	(12 015 953)	22 157 047	20 714 396	(1 442 651)	18 472 675
Trading services	11 202 000	(2 134 894)	9 067 106	7 533 565	(1 533 540)	4 659 938
Electricity	6 762 000	427 505	7 189 505	7 186 955	(2 550)	3 216 423
Waste management	4 440 000	(2 562 399)	1 877 601	346 611	(1 530 990)	1 443 515
Total Capital Expenditure - Standard	75 578 000	(22 246 000)	53 332 000	42 070 955	(11 261 045)	38 799 635

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
CAPITAL EXPENDITURE (FUNDING SOURCES)						
National Government	39 728 000	-	39 728 000	33 683 561	(6 044 439)	31 955 780
Provincial Government	6 000 000	(6 000 000)				
Transfers recognised - capital	45 728 000	(6 000 000)	39 728 000	33 683 561	(6 044 439)	31 955 780
Internally generated funds	29 850 000	(16 246 000)	13 604 000	8 387 394	(5 216 606)	6 843 856
Total Capital Funding	75 578 000	(22 246 000)	53 332 000	42 070 955	(11 261 045)	38 799 635

SENQU LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CASH FLOWS

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	5 873 105	667 633	6 540 738	3 870 789	(2 669 949)	2 776 289
Service charges	27 858 284	6 046 621	33 904 906	29 937 686	(3 967 220)	21 284 581
Other revenue	6 151 951	(1 164 006)	4 987 945	6 339 386	1 351 441	29 531 650
Government - operating	134 124 000	300 000	134 424 000	139 804 566	5 380 566	121 583 680
Government - capital	45 728 000	(6 000 000)	39 728 000	34 891 600	(4 836 400)	36 856 974
Interest	11 123 307	1 876 693	13 000 000	18 020 973	5 020 973	13 913 370
Payments		-				
Suppliers and employees	(176 654 955)	(9 996 604)	(186 651 559)	(156 699 884)	29 951 674	(148 033 555)
Finance charges	(1 149 410)	(1 593 601)	(2 743 011)	(1 146 204)	1 596 807	(1 119 335)
Transfers and Grants	-	-	-	(210 000)	(210 000)	-
NET CASH FROM OPERATING ACTIVITIES	53 054 282	(9 863 263)	43 191 019	74 808 912	31 617 893	76 793 653
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	237 912	237 912	248 311
Payments						
Capital assets	(75 578 000)	22 246 000	(53 332 000)	(42 070 955)	11 261 045	(38 884 674)
NET CASH USED IN INVESTING ACTIVITIES	(75 578 000)	22 246 000	(53 332 000)	(41 833 043)	11 498 957	(38 636 364)

SENQU LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

CASH FLOWS

	ORIGINAL BUDGET 2017 R	BUDGET ADJUSTMENTS 2017 R	FINAL BUDGET 2017 R	ACTUAL OUTCOME 2017 R	BUDGET VARIANCE 2017 R	RESTATED OUTCOME 2016 R
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Increase (decrease) in consumer deposits	74 331	(7 252)	67 079	90 900	23 821	102 726
Payments						
Repayment of borrowing	(792 660)	(21 857)	(814 516)	(814 907)	(390)	(802 388)
NET CASH FROM FINANCING ACTIVITIES	(718 329)	(29 109)	(747 437)	(724 007)	23 431	(699 662)
NET INCREASE/ (DECREASE) IN CASH HELD	(23 242 046)	12 353 628	(10 888 418)	32 251 863	43 140 281	37 457 627
Cash/cash equivalents at the year begin:	151 369 156	69 548 313	220 917 468	220 917 468	-	183 459 842
Cash/cash equivalents at the year end:	128 127 110	81 901 940	210 029 050	253 169 330	43 140 280	220 917 468